STOCK OPTION AGREEMENT

THIS AGREEMENT, entered into as of [Grant Date] (the "Grant Date"), by and between the participant signing this Agreement (the "Participant") and Isle of Capri Casinos, Inc. (the "Company").

WITNESSETH THAT:

WHEREAS, the Company maintains the Isle of Capri Casinos, Inc. 2000 Long-Term Stock Incentive Plan (the "Plan"), which is incorporated into and forms a part of this Agreement, and the Participant has been selected by the committee administering the Plan (the "Committee") to receive a Stock Option Award under the Plan;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

1. Terms of Award. The terms of the Award are set forth in Schedule I.

2. Award and Exercise Price. This Agreement specifies the terms of the option (the "Option") granted to the Participant to purchase the number of Covered Shares at the Exercise Price per share as set forth in Schedule I. The Option shall be an "incentive stock option" or a "nonqualified stock option" as designated in Schedule I. In the event that the Option is designated as an "incentive stock option" in Schedule I, the Option is intended to constitute, and shall be treated as, an "incentive stock option" as that term is used in Code section 422. To the extent that the aggregate fair market value (determined at the time of grant) of shares of Stock with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds $100,000, the options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as non-qualified stock options. It should be understood that if the Option is designated as an "incentive stock option", there is no assurance that the Option will, in fact, be treated as an incentive stock option. In the event that the Option is designated as a "nonqualified stock option" in Schedule I, the Option is not intended to constitute, and shall not be treated as, an "incentive stock option" as that term is used in Code section 422.

3. Date of Exercise. Subject to the limitations of this Agreement, the Option shall be exercisable as set forth on Schedule I. An installment shall not become exercisable on the otherwise applicable Vesting Date if the Participant's Date of Termination occurs on or before such Vesting Date. Notwithstanding the foregoing provisions of this paragraph 3, the Option shall become exercisable with respect to all of the Covered Shares (to the extent it is not then otherwise exercisable) as follows:

(a) The Option shall become fully exercisable upon the Participant's Date of Termination, if the Participant's Date of Termination occurs by reason of the Participant's Death, Disability or Retirement.

(b) The Option shall become fully exercisable upon a Change in Control, if the Participant's Date of Termination does not occur on or before the Change in Control.

The Option may be exercised on or after the Date of Termination only as to that portion of the Covered Shares as to which it was exercisable immediately prior to the Date of Termination, or as to which it became exercisable on the Date of Termination in accordance with this paragraph 3. Notwithstanding the foregoing provisions of this paragraph 3, a reload option shall not become exercisable in accordance with this paragraph 3, and shall instead become exercisable in accordance with paragraph 6.

4. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be earliest to occur of:

(a) the ten-year anniversary of the Grant Date;

(b) if the Participant's Date of Termination occurs by reason of Death or Disability, the one-year anniversary of such Date of Termination; or

(c) if the Participant's Date of Termination occurs for reasons other than Death or Disability, the 90-day anniversary of such Date of Termination.

5. Method of Option Exercise. Subject to the terms of this Agreement and the Plan, the Option may be exercised in whole or in part by filing a written notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. Such notice shall be as provided in Schedule II. Except as otherwise provided by the Committee before the Option is exercised, all or a portion of the Exercise Price shall be paid by the Participant in accordance with the methods described in Schedule II.

6. Withholding. All deliveries and distributions under this Agreement are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan.

7. Transferability. The Option is not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.

8. Definitions. For the purposes of this Agreement, the terms used in this Agreement shall be subject to the following:

(a) Date of Termination. The Participant's "Date of Termination" shall be the first day occurring on or after the Grant Date on which the Participant is not employed by the Company or any Subsidiary, regardless of the reason for the termination of employment, provided that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Subsidiary or between two Subsidiaries, and

further provided that the Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer. If, as a result of a sale or other transaction, the Participant's employer ceases to be a Subsidiary (and the Participant's employer is or becomes an entity that is separate from the Company), the occurrence of such transaction shall be treated as the Participant's Date of Termination caused by the Participant being discharged by the employer.

(b) Disability. Except as otherwise provided by the Committee, the Participant shall be considered to have a "Disability" during the period in which the Participant is unable, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.

(c) Retirement. The term "Retirement" shall mean the termination by a Participant of his employment by reason of reaching the age of 65 or such later date approved by the Board of Directors of the Company.

9. Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under this Agreement have not been exercised or delivered, respectively, at the time of the Participant's death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

10. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

11. Plan Governs. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and this Agreement

is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

12. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

13. Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

14. Fractional Shares. In lieu of issuing a fraction of a share upon any exercise of the Option, resulting from an adjustment of the Option pursuant to paragraph 4.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

15. No Rights As Stockholder. The Participant shall not have any rights of a stockholder with respect to the shares subject to the Option, until a stock certificate has been duly issued following exercise of the Option as provided herein.

16. Amendment. This Agreement may be amended by written agreement of the Participant and the Company, without the consent of any other person.

IN WITNESS WHEREOF, the Participant has executed this Agreement, and the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

Participant

Isle of Capri Casinos, Inc.

By:
Its: Senior Vice President, CFO, Treasurer, and Assistant Secretary

Exhibit 10.39

Wragge&Co

DATED 7th February 2007

ARENA COVENTRY LIMITED (1)

ISLE OF CAPRI CASINOS LIMITED (2)

and

ISLE OF CAPRI CASINOS, INC. (3)

LEASE
of premises at the Arena, Phoenix Way,
Foleshill, Coventry

CONTENTS

THIS LEASE made on 7th February 2007

BETWEEN:

(1) **ARENA COVENTRY LIMITED** (Company No 04440684) whose registered office is at The Council House, Earl Street, Coventry CV1 5RR ("the **Landlord**")

(2) **ISLE OF CAPRI CASINOS LIMITED** (Company No 04584366) whose registered office is at 30 Old Burlington Street, London, W1S 3NL ("the **Tenant**")

(3) **ISLE OF CAPRI CASINOS, INC.** incorporated in the State of Delaware whose principal office is at 1641 Popps Ferry Road Biloxi Mississippi 39532 United States of America ("the **Guarantor**")

WITNESSES as follows:

1 **Definitions, Interpretation and Miscellaneous Provisions**

1.1 Definitions

(a) **"Adjoining Property"** means any land or property adjoining the Estate in which the Landlord or a Group Company of the Landlord has (or during the Term acquires) a leasehold or a freehold interest;

(b) **"Authority"** means any statutory public local or other authority or any court of law or any government department or any of them or any of their duly authorised officers;

(c) **"Balance of Parking Spaces"** means all the parking spaces in the Car Park excluding the Minimum Spaces;

(d) **"Basic Rent"** means up to (but excluding) the Rent Commencement Date a peppercorn if demanded and:

(i) from and including the Rent Commencement Date to and including 24 December 2006 £393,427.00 per annum;

(ii) from and including 25 December 2006 to and including 24 December 2007 £608,120.00 per annum;

(iii) from and including 25 December 2007 to and including 24 December 2010 £622,812.00 Per annum

(iv) as from time to time reviewed under schedule 5.

(e) **"Building"** means the building on the Estate shown for the purpose of identification only edged orange purple and hatched blue on the Site Plan and every part of it comprising the Stadium and the Leisure and Exhibition Areas;

(f) **"Car Park"** means the car parks at the Estate shown edged green on the Site Plan;

(g) **"Car Park Management Strategy"** means the regulations made from time to time in accordance with this Lease in respect of the management and use of the Car Park (the regulations at the date hereof being appended at Schedule 12);

(h) **"CDM Regulations"** means the Construction and Design (Management) Regulations 1994;

(i) **"Club"** means Coventry City Football Club Limited;

(j) **"Common Parts"** means:

(i) the Car Park, the Street, the Reception and the vehicular and pedestrian accesses shown edged brown on the Plan; and

(ii) the Main Structure and Plant and any Service Media which is not within and exclusively serving a Lettable Area.

(k) **"Connected Person"** means any person firm or company which is connected with the Tenant for the purposes of section 839 Income and Corporation Taxes Act 1988;

(l) **"Consent"** means an approval permission authority licence or other relevant form of approval given by the Landlord in writing;

(m) **"Contamination"** means the presence release spillage disposal emission or migration of any substances in on or under the Estate or emanating from the Estate which could reasonably cause harm to the Environment;

(n) **"Demised Premises"** means the premises being that part of the Building (and in particular part of the Leisure and Exhibition Areas) more fully described in schedule 1 and all additions and improvements made to it and references to the Demised Premises shall include reference to any part of them;

(o) **"Demised Premises Plans"** means the plans annexed to this Lease and marked Drawing No 03/17138 (20) - 01M Rev E, 17138 (20) - 1, Rev E, 03/17138 (20) 01 Rev E, 03/17138 (20) 00 Rev E and 17138 (20) 02 Rev D;

(p) **"Determination"** means the end of the Term however that occurs

(q) **"Enactment"** means:

(i) any Act of Parliament and

(ii) any European Community legislation or decree or other supranational legislation or decree having effect as law in the United Kingdom

and references (whether specific or general) to any Enactment include any statutory modification or re-enactment of it for the time being in force and any order instrument plan regulation permission or direction made or issued under it or under any Enactment replaced by it or deriving validity from it;

(r) **"Estate"** means the Estate (including the Building thereon) and external areas known as Arena Coventry, Phoenix Way, Foleshill, Coventry shown edged blue on the Site Plan and every part of it and everything attached to it;

(s) **"Environment"** means

(i) land including without limitation surface land sub-surface strata sea bed and river bed under water (as defined in paragraph (ii)) and natural and man made structures;

(ii) water including without limitation coastal and inland waters surface waters ground waters and water in drains and sewers;

(iii) air including without limitation air inside buildings and in other natural and man-made structures above or below ground; and

(iv) any and all living organisms or systems supported by those media including without limitation habitats protected under Environment Acts crops livestock and humans.

(t) **"Environment Acts"** means the Environmental Protection Act 1990 the Environment Act 1995 Water Resources Act 1991 the Water Industry Act 1991 and any other legislation and statutory guidance in force at any time during the Term which has as its purpose or effect the prevention of harm to the Environment;

(u) **"Environmental Information"** means:

(i) the replies (dated 9 July 2003) to environmental enquiries raised by the Tenant (dated 18 February 2003)

(ii) the replies (dated 10 July 2003) to additional environmental enquiries raised by the Tenant (dated 11 April 2003) and

(ii) the following environmental report:

Environmental Risk Assessment of the Phase 1 Arena site prepared by QDS Environmental Limited for Tesco Stores Limited (QDS Project No. 99-164-03) and dated February 2003; with Appendices i – ix ;

(v) **"Environmental Insurance Policy"** means:

(i) the draft environmental insurance policy from Certa annexed hereto at Annexure 2 (treated for the purposes of paragraph 9 of Part III of Schedule 7 as if such policy is in force and effective) (**"Draft Environmental Policy"**); or where it exists;

(ii) the environmental insurance policy which the Superior Landlord entitled to the reversion immediately expectant on the term granted by the Superior Lease dated 26 January 2006 subsequently enters into in respect of the Estate (**"the Final Environmental Policy"**) provided that the restrictions in relation to the use and occupation of

the Estate in the Final Environmental Policy are not materially different in their effect to those restrictions in the Draft Environmental Policy.

(w) **"Existing Contaminated Land Liability"** means any fines penalties charges actions losses costs claims expenses demands duties obligations and other liabilities (whether past present or future including under any Environment Acts) arising from Contamination first present in on or under or originating from the Estate prior to the Term;

(x) **"Gross Internal Area"** means the gross internal area in square feet of any building (as built) measured in accordance with the Code of Measuring Practice published by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers (Fifth Edition published 1 February 2002);

(y) **"Group Company"** means any company of which the Tenant or any undertenant or the Landlord (as the case may be) is a Subsidiary or which has the same Holding Company as the Tenant or any undertenant or the Landlord (as the case may be) where Subsidiary and Holding Company have the meanings given to them by section 736 Companies Act 1985;

(z) **"Guarantor"** means the party named as such in this Lease (if any) or the person who is required to give a covenant to the Landlord as the assignee's guarantor under paragraph 3 of Part IV of schedule 7 for so long as each of those persons remain bound by the covenants on their part;

(aa) **"Hazardous Material"** means any substance known or reasonably believed to be harmful to the Environment and regulated by the Environment Acts;

(bb) **"Interest Rate"** means three percent above the base lending rate from time to time of Lloyds TSB Bank Plc or such other bank being a member of the Committee of London and Scottish Bankers as the Landlord may from time to time nominate or if that base lending rate cannot be ascertained then three percent above such other rate as the Landlord may reasonably specify and where and whenever interest is payable at or by reference to the Interest Rate it shall be calculated on a daily basis;

(cc) **"Landlord"** includes the immediate reversioner to this Lease from time to time;

(dd) **"Lease"** means this lease and includes where relevant any deed of variation licence Consent or other document supplemental to or associated with this Lease;

(ee) **"Legal Obligation"** means any obligation from time to time created by any Enactment or Authority and includes without limitation obligations imposed by the Planning Acts or as a condition of any Necessary Consents;

(ff) **"Leisure and Exhibition Areas"** means the part of the Building comprising (inter alia) the casino and the exhibition halls and shown edged purple on the

Site Plan;

(gg) **"Licence to Assign"** means the document set out in schedule 10;

(hh) **"Main Structure"** means the foundation floor slabs floors load bearing walls columns beams steel frames and roofs of the Building (but not the floor screed or floor coverings plaster or wall coverings of the Demised Premises the Stadium or of any Lettable. Areas (as defined in Schedule 9)) and all Service Media (other than those situated in and exclusively serving the Demised Premises the Stadium and/or any Lettable Areas) and **"structural"** means anything appertaining to the Main Structure;

(ii) **"Major Event"** means an event or function to be held at the Estate which is expected to attract more than 10,000 spectators or visitors per day;

(jj) **"Major Event Days"** means up to 12 days in any year during the Term commencing on the Term Commencement Date and each anniversary thereof on which the Landlord and/or the Operator is holding a Major Event on the Estate and of which the Landlord has given to the Tenant not less than 10 Working Days prior written notice;

(kk) **"Major Event Restricted Hours"** means on Major Event Days from 00.01 to 24.00;

(ll) **"Match Day Restricted Hours"** means on Match Days the hours beginning 3 hours before the scheduled kick off of the football match taking place on any Match Day and ending 3 hours after the final whistle of the football match taking place on that Match Day;

(mm) **"Match Days"** means the days on which the Club is holding competitive football matches played by the first team at the Stadium;

(nn) **"Minimum Spaces"** means 1,000 parking spaces within the Car Park for the exclusive use by the Tenant and other occupiers of and visitors to the Demised Premises save:

(i) during the Match Day Restricted Hours when the Minimum Spaces shall be the 100 parking spaces within that part of the Car Park shown hatched green on the Site Plan (all such spaces to be marked as for the exclusive use by the Tenant and other occupiers of and visitors to the Demised Premises); and

(ii) during Major Event Restricted Hours when the Minimum Spaces shall be the said 100 parking spaces within that part of the Car Park shown hatched green on the Site Plan and 400 parking spaces as close as reasonably practicable to the Demised Premises (all such spaces to be for the exclusive use by the Tenant and other occupiers of and visitors to the Demised Premises)

(oo) **"Necessary Consents"** means planning permission and all other consents licences permissions and approvals whether of a public or private nature which shall be relevant in the context;

(pp) **"Operator"** means the operator from time to time of the exhibition halls forming part of the Leisure and Exhibition Areas;

(qq) **"Outgoings"** means all rates taxes charges duties assessments impositions and outgoings of any sort which are at any time during the Term payable by the owner or occupier of property and includes charges for electricity gas water sewerage telecommunications (including meter rentals connection and hire charges) and other services rendered to or consumed by the relevant property but excludes tax payable by the Landlord on the receipt of the Basic Rent or on any dealings or deemed dealings with its reversion to this Lease and input VAT suffered by the Landlord in respect of the Demised Premises or the Building and the Estate;

(rr) **"Permitted Use"** *means* uses within class D2 of the Schedule to the Town and Country Planning (Use Classes) Order 1987 or for such other use as the Landlord may from time to time approve (*such approval* not to be unreasonably withheld or delayed);

(ss) **"Plant"** means the following apparatus plant machinery and equipment from time to time serving the Common Parts heating cooling public address and closed circuit television systems security systems burglar and fire alarm fire prevention or fire control building management systems but excluding Tenant's Plant;

(tt) **"Planning Acts"** means every Enactment or regulation of any Authority from time to time in force in relation to the Town and Country Planning development control and the use of land or buildings;

(uu) **"Payment Days"** means 25th March 24th June 29th September and 25th December in each year;

(vv) **"Reception"** means the reception area within the Building shown coloured yellow on the Site Plan;

(ww) **"Regulations"** means the Regulations in paragraph 2 of Part III of schedule 7 and any others from time to time properly and reasonably made by the Landlord (for the common benefit of all occupiers of the Estate in accordance with the principles of good estate management varying the same or in addition to or in substitution for those regulations which the Landlord notifies to the Tenant in writing) provided that:

in the event of there being any inconsistency between any such new or varied regulations and this Lease then the provisions of this Lease shall take precedence;

any such varied or new regulations shall not prejudice the Tenant's beneficial use and occupation of the Demised Premises or the Rights

(xx) **"Release"** means any release spillage emission leaking pumping injection deposit disposal discharge leaching or migration into the Environment or into or out of any property including the movement of Hazardous Material through

the Environment;

(yy) **"Rent"** means all sums reserved as rent by this Lease;

(zz) **"Rent Commencement Date"** means 1 August 2006;

(aaa) **"Reservations"** means the exceptions and reservations set out in schedule 3;

(bbb) **"Rights"** means the rights set out in schedule 2;

(ccc) **"Section 106 Agreement"** means the agreements brief details of which are set out in Part 3 of Schedule 4;

(ddd) **"Service Media"** means sewers drains pipes channels wires cables ducts watercourses culverts gutters fibres and any other medium for the passage or transmission of soil water gas electricity telecommunications air smoke light information or other matters and other supplies and includes where relevant ancillary equipment from time to time in or on the Estate or serving the Estate;

(eee) **"Sign"** includes any sign hoarding showcase signboard flag flagpole bill plate fascia poster or advertisement;

(fff) **"Site Plan"** means the plan annexed to this Lease and marked **"Site Plan"**;

(ggg) **"Stadium"** means the part of the Building comprising the football stadium and shown edged orange on the Site Plan;

(hhh) **"Station"** means the railway station to be constructed on the land to the South East of the Estate;

(iii) **"Street"** means the part of the Building comprising the area separating the Stadium from the Leisure and Exhibition Areas and shown hatched blue on the Site Plan;

(jjj) **"Superior Landlord"** means any party having an interest in the Demised Premises in reversion to the Superior Lease;

(kkk) **"Superior Lease"** means the leases of the Estate (and adjoining land) or any part thereof brief details of which are set out in Part 2 of Schedule 4;

(lll) **"Tenant"** includes its successors in title;

(mmm) **"Tenant's Plant"** means any fitting out works and all plant machinery and equipment installed before on or after the date hereof other than at the cost of the Landlord;

(nnn) **"Term"** means the term of 25 years calculated from the Term Commencement Date and includes any extension holding over or continuation (but not renewal) of it whether by Enactment or agreement;

(ooo) **"Term Commencement Date"** means 25 December 2005;

(ppp) **"Title Matters"** means the rights specified in Part 1 of Schedule 4;

(qqq) **"VAT"** includes any future tax of a like nature and all references to an election by the Landlord to waive exemption under paragraph 2(1) of Schedule 10 to the Value Added Tax Act 1994 shall be deemed to include any such election made by a company in the same VAT group as the Landlord.

1.2 Interpretation

In this Lease:

(a) words importing any gender include every gender

(b) words importing the singular number only include the plural number and vice versa

(c) words importing persons include firms companies and corporations and vice versa

(d) references to numbered clauses and schedules are references to the relevant clause in or schedule to this Lease

(e) reference in any schedule to numbered paragraphs are references to the numbered paragraphs of that schedule

(f) where any obligation is undertaken by two or more persons jointly they shall be jointly and severally liable in respect of that obligation

(g) any obligation on any party not to do or omit to do anything shall include an obligation not to allow that thing to be done or omitted to be done by any undertenant of that party of by any employee servant or agent of that party .

(h) where the Landlord covenants to do something it shall be deemed to fulfil that obligation if it procures that it is done

(i) the headings to the clauses schedules and paragraphs and the contents of the lease particulars are provided for convenience only and shall not affect the interpretation of this Lease

(j) any sum payable by one party to the other shall be exclusive of VAT which shall where it is chargeable be paid in addition to the sum in question at the time when the sum in question is due to be paid or if later (save in respect of the Basic Rent in respect of which valid VAT invoices shall be delivered before or promptly after the date upon which the Basic Rent is payable) when a valid VAT invoice addressed to the paying party is delivered to that party

(k) any relevant perpetuity period shall be eighty years from the date of this Lease and shall apply to any rights granted or reserved over or in respect of anything which is not now in existence

(l) any reference to a particular plan in this Lease shall be to the relevant named plan so annexed

(m) any part of the Demised Premises that faces onto any of the Common Parts shall be regarded as an external part of the Demised Premises notwithstanding that such Common Parts may be covered in and "exterior" and "external" shall be construed accordingly

(n) the rights of the Landlord to have access to the Demised Premises are subject to clause 1.3(c) and are to be construed as extending to the Superior Landlord and to all persons properly and reasonably authorised by them

(o) any provisions of this Lease requiring the Tenant to obtain Consent are to be construed as also requiring (as a condition precedent) the consent or other approval of the Superior Landlord (where their consent or approval is required under any Superior Lease) and which shall not be unreasonably withheld or delayed where the Landlord's Consent cannot be unreasonably withheld or delayed

(p) unless this Lease states otherwise all sums payable to the Landlord are due within 7 days of written demand

(q) the expressions "Landlord's fixtures" and "Landlord's fixtures and fittings" do not include the Tenant's Plant

(r) the provisions of the Schedules apply to this Lease and expressions defined in the Schedules to this Lease shall have the meanings specified in those Schedules

1.3 In this Lease:

(a) Landlord's Liability

Except to the extent that the same are or pursuant to the covenants herein contained should be covered by any Insurance Policy (as defined in Schedule 6) (if applicable) and further except to the extent that the Landlord may be liable under its covenants in this Lease or by law notwithstanding any agreement to the contrary and subject to the Landlord taking all reasonable steps if possible to minimise any damage or interference caused and remedy any such matter as quickly as reasonably possible the Landlord shall not be liable to the Tenant or any undertenant or any servant agent licensee or invitee of them by reason of:

(i) any act neglect default or omission of any third party not being a tenant or owner or occupier of the Estate or any Adjoining Property or of any representative or employee of the Landlord or

(ii) the defective working stoppage or breakage of or leakage or overflow from any Service Media or Plant which is beyond the reasonable control of the Landlord

(iii) the obstruction by any third party not being a tenant or owner or occupier of the Estate or of any Adjoining Property or any representative or employee of the Landlord or the Common Parts or the areas over which rights are granted by this Lease

(b) Alterations

Subject and without prejudice to the provisions in Schedule 8 the Landlord shall be entitled to make vary and make alterations to the Building and the Estate (but not the

Demised Premises or the Common Parts) and to alter renew, or replace any Service Media or Plant which do not serve the Demised Premises but shall ensure that in doing so as little inconvenience or disturbance to the Tenant and any undertenant or other lawful occupier of the Demised Premises is caused as is reasonably practicable in the circumstances and that the use of the Demised Premises for the Permitted User and the exercise of the Rights granted by this Lease is not prevented prohibited or materially interfered with and that the Building and the Estate as so varied or altered are no less convenient or commodious to the Tenant and any undertenant or other lawful occupier of the Demised Premises than as at the date of this Lease

(c) As to Exercise of Rights of Entry

Wherever in this lease it is provided that the Landlord and/or any other person authorised by the Landlord is entitled to enter on or into the Demised Premises the Landlord hereby covenants with the Tenant to procure that:

(i) entry shall only be effected on such part of the Demised Premises as is reasonably necessary and only for such period as is reasonably necessary

(ii) as little damage to the Demised Premises and to the Tenant's Plant and the tenant's fixtures and fittings as reasonably possible is caused by such entry

(iii) any damage caused to the Demised Premises the Tenant's Plant and the tenant's fixtures and fittings by such entry shall be made good promptly to the Tenant's reasonable satisfaction

(iv) except in case of emergency before any such entry prior arrangement for such entry shall be made with the Tenant (which the Tenant shall not unreasonably withhold or delay)

(v) all persons entering the Demised Premises shall report to the person notified by the Tenant to the Landlord from time to time on arrival and if so required by the Tenant be accompanied by the Tenant or its representative

(vi) all proper security requirements of the Tenant shall be strictly complied with

(d) No Planning Warranty

Nothing in this Lease shall imply or warrant that the Demised Premises may lawfully be used for the Permitted Use

(e) Covenants

(i) The Landlord and the Tenant shall not be liable to each other for breach of any covenant in this Lease to the extent that its performance or observance becomes impossible or illegal but subject to the other provisions of this Lease the Term and the Tenant's liability to pay the Rent shall not cease or be suspended for that reason

(ii) This Lease does not pass to the Tenant the benefit of or the right to enforce any covenants entered into by any tenant of any of the Lettable Areas ,(but for the avoidance of doubt not those contained in any Superior Lease) and the Landlord

shall be entitled in its sole discretion to waive vary or release any such covenants

(f) Approvals

The Landlord shall incur no liability to the Tenant or any undertenant of any predecessor in title of them by reason of any Consent given to or inspection made of any drawings plans specifications or works prepared or carried out by or on behalf of any such party nor shall any such consent in any way relieve the Tenant from its obligations under this Lease other than any obligation to obtain such consent

(g) Notices

Section 196 Law of Property Act 1925 (as amended by the Recorded Delivery Service Act 1962) shall apply to all notices which may need to be served under this Lease and while Isle of Capri Casinos Limited is the Tenant hereunder all notices to be given or served on the Tenant shall be hand delivered or sent by prepaid first class registered or recorded delivery post to the Tenant at its registered office or such other address within England or Wales as the Tenant may notify the Landlord in writing as being its address for service from time to time and PROVIDED FURTHER that while Isle of Capri Casinos Inc is the Guarantor all notices to be given or served on the Guarantor shall be hand delivered or sent by pre-paid first class registered or recorded delivery post as provided in clause 1.3(i)

(h) New Tenancy

This Lease is a new tenancy for the purposes of the Landlord and Tenant (Covenants) Act 1995

(i) Proper Law

(i) This Lease shall be governed by English law and the Tenant and the Guarantor irrevocably submit to the exclusive jurisdiction of the English Courts

(ii) The Guarantor irrevocably authorises and appoints Cozen O'Connor of 25 Old Broad Street Level 27 Tower 42 London EC2N 1HQ (or such other firm of solicitors resident in England or Wales as it may from time to time by written notice to the Landlord substitute) to accept service of all legal process arising out of or connected with this Lease and service on such party shall be deemed to be service on the Guarantor

(j) Agreement for Lease

This Lease is entered into pursuant to an Agreement for Lease

(k) Third Parties

For the purposes of the Contracts (Rights of Third Parties) Act 1999 it is agreed nothing in this Lease shall confer or purport to confer on any third party any right to enforce or any benefit of any term of this Lease

(l) Tenant's Plant

It is hereby agreed and declared that the Tenant's Plant is and shall remain the sole property of the Tenant (subject to the provisions of paragraph 6.6 of Part II of Schedule 7 of this Lease)

(m) Tenant's indemnities

Subject to the rights and powers of any insurers all indemnities given by the Tenant hereunder to the Landlord shall be subject to the condition that the Landlord shall consult with the Tenant in connection with any claims against the Landlord and any actions and proceedings resulting therefrom and the Landlord shall not settle or compromise any such claim without the prior written consent of the Tenant (such consent not to be unreasonably withheld or delayed)

2 **Demise and Rent**

The Landlord demises the Demised Premises to the Tenant together with the Rights reserving to the Landlord the Reservations and subject to (and where appropriate to the Demised Premises with the benefit of) the Title Matters to hold them to the Tenant for the Term paying as Rent:

2.1 the Basic Rent to be paid yearly (and proportionately for any part of a year) by equal quarterly instalments in advance on the Payment Days (the first payment to be made on the Rent Commencement Date for the period from the Rent Commencement Date to the next Payment Day and to be calculated in accordance with Schedule 13); and

2.2 the Insurance Charge (as defined in Schedule 6) and the Interim Charge (as defined in Schedule 9)

2.3 Any VAT chargeable on the Basic Rent or on the Insurance Charge or on the Interim Charge

3 **Tenant's Covenants**

The Tenant covenants with the Landlord to observe and perform the covenants in schedule 7

4 **Landlord's Covenants**

The Landlord covenants with the Tenant to observe and perform the covenants in schedules 8 and 13

5 **Re-Entry**

5.1 **"Relevant Event"** means when:

(a) the whole or part of the Rent or any other sums payable under this Lease remain unpaid 28 days after becoming due (whether in the case of the Basic Rent formally demanded or not); or

(b) any of the Tenant's or the Guarantor's covenants in this Lease are not performed or observed; or

(c) the Tenant or the Guarantor (or if there is more than one Tenant or Guarantor then if any one of them):

(i) becomes Insolvent

(ii) dies or is dissolved or is removed from the Register of Companies or otherwise ceases to exist

(d) any event occurs or proceedings are taken against the Tenant or the Guarantor in any jurisdiction which has an effect equivalent or similar to any of the events mentioned in this clause

5.2 **"Insolvent"** means:

(a) in the case of a corporate Tenant or Guarantor if :

(i) an administrator or liquidator is appointed or a winding up order of such company is made (save for the purpose of an amalgamation of reconstruction which does not involve or arise out of insolvency) or

(ii) a receiver or administrative receiver is appointed of the whole or any part of the undertaking property assets or revenues of such company or

(iii) stops payment or agrees to declare a moratorium or becomes or is deemed to be insolvent or makes a proposal for a voluntary arrangement under Part I of the Insolvency Act 1986 or makes an application under section 425 of the Companies Act 1985

(iv) is unable to pay its debts within the meaning of section 123 Insolvency Act 1986

(b) in the case of an individual if such person:

(i) is the subject of a bankruptcy order or

(ii) convenes a meeting of his creditors or any of them or enters into any arrangement scheme compromise or moratorium or composition with his creditors (whether pursuant to Part VIII of the Insolvency Act 1986 or otherwise)

(iii) is the subject of an application or order or appointment under section 253 or section 273 or section 286 of the Insolvency Act 1986 or

(iv) is unable to pay or has no reasonable prospect of being able to pay his debts within the meaning of sections 267 and 268 of the Insolvency Act 1986

(v) has a receiver appointed

5.3 If any Relevant Event shall occur then the Landlord may at any time (and notwithstanding any waiver of any previous right of re-entry) re-enter the Demised Premises (or any part in the name of the whole) whereupon this Lease other than schedule 13 shall immediately determine (but without prejudice to any other rights or powers of either the Landlord the Tenant or the Guarantor in respect of any previous breach of this Lease).

5.4 If the interest of the Tenant hereunder shall have been mortgaged or charged and details of the mortgagee or chargee shall have been provided to the Landlord in writing the Landlord will not exercise the rights of re-entry as aforesaid until after the expiry of two months from service by the Landlord of written notice on such mortgagee or chargee (at the mortgagee's or chargee's last known address) of the Landlord's intention to invoke the said re-entry provisions and to exercise its right to re-enter the Demised Premises or any part thereof and then only if the event giving rise to such right remains in existence and (if remediable) and has not been remedied.

6 **Guarantor's Covenants**

6.1 The Guarantor covenants with the Landlord to observe and perform the covenants in schedule 11

6.2 The parties agree and declare that Isle of Capri Casinos, Inc's liability under this Lease as Guarantor (save in respect of any antecedent breach) shall cease if the Isle of Capri Casinos Inc ceases to be the immediate holding company of Isle of Capri Casinos Limited (as defined in Section 736 of the Companies Act 1985) but this release is subject to the Isle of Capri Casinos, Inc first delivering to the Landlord a Deed (approved by the Landlord in writing such approval not to be unreasonably withheld or delayed) from the new immediate holding company of the Isle of Capri Casinos Limited (the identity of such new immediate holding company having firstly been approved by the Landlord in writing such approval not to be unreasonably withheld or delayed) covenanting with the Landlord in the same form (mutatis mutandis) as this clause 6 (including this clause 6.2 but substituting the name of the new holding company for Isle of Capri Casinos, Inc) and upon such event the Landlord shall if required so to do (at the Tenant's cost) formally release by deed Isle of Capri Casinos Inc from all liability pursuant to this clause (save in respect of any antecedent breach)

6.3 The parties hereto agree and declare that the Guarantor's liability under this Lease will cease (save in respect of any antecedent breach) if at any time after the date which is 5 years after the Rent Commencement Date the audited and filed accounts of the Tenant (here meaning Isle of Capri Casinos Limited only) for the three immediately preceding financial years (such years to exclude the first two years of the Term) of Isle of Capri Casinos Limited show on average for those three years pre-tax profits on ordinary activities of at least five times the average Basic Rent for that three year period

6.4 Any release of the Guarantor under clause 6.3 shall be without prejudice to any right of action of the Landlord against the Guarantor in respect of any previous breach by the Guarantor

7 **Break Clause**

7.1 The Tenant may determine this Lease on 25 December 2020 by serving on the Landlord at least 12 months prior written notice specifying the proposed date of Determination

7.2 This Lease shall only determine as a result of notice served by the Tenant under clause 7.1 where the Tenant has paid the Rent due to the date of Determination at the date of Determination

7.3 Upon the expiry of the notice of Determination the Tenant shall

(a) yield up the Demised Premises to the Landlord in accordance with the covenants on its part contained in this Lease; and

(b) deliver to the Landlord the original of this Lease (and any other title documents) and all keys to the Demised Premises

whereupon this Lease shall determine but without prejudice to any right of action of either party in respect of any previous breach by the other party

7.4 Time is of the essence in respect of this clause 7

7.5 Any notice of Determination served by the Tenant under this clause shall be irrevocable.

8 Stamp Duty

It is hereby certified that this instrument is exempt from stamp duty by virtue of the provisions of Section 92 of the Finance Act 2001

IN WITNESS of which the parties have executed this Lease as their Deed on the date above written

EXECUTED as a DEED by
ARENA COVENTRY LIMITED
Acting by:

Director [ILLEGIBLE]

Director / Secretary [ILLEGIBLE]

EXECUTED (but not delivered until
the date hereof)
AS A DEED by
ISLE OF CAPRI CASINOS LIMITED
Acting by:

Director */s/ Allan B. Solomon*

Secretary /s/ Gregory D. Guida

ISLE OF CAPRI CASINOS
INC intending to be legally bound hereby and
duly authorised has caused this Lease to be executed

By: /s/ Allan B. Solomon

Name: *Allan B. Solomon*

Title: Executive Vice President.

By: /s/ Gregory D. Guida

Name: Gregory D. Guida

Title: Senior Vice President/Secratery

Exhibit 10.40

MASTER LEASE

BETWEEN

THE CITY OF BOONVILLE, MISSOURI

AND

DAVIS GAMING BOONVILLE, INC.

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MASTER LEASE

BETWEEN

THE CITY OF BOONVILLE, MISSOURI

AND

DAVIS GAMING BOONVILLE, INC.,

THIS LEASE (this "Lease") is made on July 18, 1997 by the City of Boonville, Missouri, a Missouri third class city (the "City") and Davis Gaming Boonville, Inc. (f/k/a Gold River's Boonville, Resort, Inc.) a Nevada corporation ("Tenant").

The City and Tenant entered into a Master Agreement for Boonville, Missouri Riverboat Gaming Project dated March 7, 1994 and an Amendment to Master Agreement for Boonville, Missouri Riverboat Gaming Project dated November 10, 1994, a Second Amendment to Master Agreement dated May 1, 1995, a Third Amendment to Master Agreement and Amendment to Development Agreement dated February 5, 1996, all as amended and restated pursuant to an Amended and Restated Master Agreement dated as of July 18, 1997 (collectively the "Master Agreement") for the development of the Riverboat Gaming Project on the Project Site, a map of which is attached as Exhibit A.

Under the Master Agreement, Water Street or Tenant is to acquire the Project Site and transfer the Project Site, as acquired, to the City and construct the Land Based Project pursuant to the Master Agreement and this Lease. The City is to lease the Project Site to Tenant pursuant to this Lease.

Any capitalized term used in this Lease and not defined in this Lease shall have the same meaning given such term in the Master Agreement except that the term "Project Site" shall for purposes of this Lease only refer to that portion of the Project Site as defined in the Master Agreement which is actually acquired by Tenant and transferred to the City. It is intended that for purposes of this Lease, the Project Site shall change as additional property is acquired and transferred to the City by Tenant under the Master Agreement and references to Project Site shall refer to only those parcels of property otherwise within the entire Project Site as contemplated in the Master Agreement and that at the time have been transferred to or are owned by the City.

ARTICLE 1
LEASED PREMISES

1.1 Leased Premises. The City leases to Tenant, and Tenant leases from the City, the Project Site, as it may exist from time to time, when acquired by the Tenant or Water Street and conveyed to the City. The legal description of the Project Site as of the date of this Lease is attached as Exhibit B. As additional parcels become part of the Project Site, the legal description of such parcels will be added to Exhibit B. The parties acknowledge that, in accordance with Section 1.3 of the Master Agreement, the City's rights in the Railroad Portion may arise under the Railroad Lease or by acquisition and that the City's rights in the DNR Portion may arise under the DNR Lease or by acquisition. The parties acknowledge that the City does not currently own the entire Project Site and that it is the sole responsibility of Tenant and Water Street to acquire and transfer the Project Site to the City, but only to the extent required under the Master Agreement.

1.2 Permitted Use. The sole permitted use of the Project Site is the construction and operation of an integrated gaming and entertainment facility. Tenant will operate the Riverboat Gaming Project in a manner consistent with (i) the terms of the Master Agreement and this Lease, and (ii) all applicable laws, rules and regulations.

1.3 Physical Condition. Except as otherwise provided in this Lease, Tenant accepts the Project Site, as is, without any representations or warranties of any kind by the City.

1.4 Lease Term. The term (the "Term") of this Lease shall commence on the date hereof (the "Commencement Date") and unless terminated earlier, pursuant to this Lease, shall expire on the date (the "Expiration Date") ninety-nine (99) years after the Commencement Date, except that with respect to those parts of the Subleased Portions which are subject to a Prime Lease, if the Prime Lease for such Subleased Portion is earlier terminated, then the Expiration Date with regard only to such Subleased Portion shall be the date on which the Prime Lease for such Subleased Portion terminates. For purposes of this Lease and the Project Documents, the term "Opening Date" shall mean the date on which the Missouri Gaming Commission first issues a license to Tenant to open the Riverboat/Floating Facility for business to the public.

1.5 Designation of Home Dock. Pursuant to all applicable Missouri gaming laws, including but not limited to Chapter 313, RSMo., Tenant designates the City as its sole and exclusive "home dock" (as that term is defined in Chapter 313, RSMo, as amended). This designation shall not prevent the temporary docking of the Riverboat/Floating Facility at another location if the Project Site is damaged during the period of repairs as long as Tenant is using its best efforts to complete such repairs as expeditiously as

possible, nor shall this designation prevent Tenant from acquiring additional riverboats and designating different home docks for the different boats.

ARTICLE 2
DEVELOPMENT AND CONSTRUCTION

2.1 General. Tenant will, at its sole cost, develop the Riverboat Gaming Project pursuant to the Project Documents and in the Phases set forth herein. The parties acknowledge that the Phases or any combination thereof may be pursued in whole or in part concurrently.

2.2 Construction of Improvements. Construction of all improvements in accordance with the Project Documents (including all exhibits and attachments to the Project Documents) is a condition of this Lease.

2.3 Riverboat Gaming Project Site Plan. Tenant, at its cost, will prepare plans and specifications for the Riverboat Gaming Project and the Land Based Project (the "Riverboat Gaming Project Site Plan"), including all buildings, infrastructure and other construction, consistent with the Project Documents. Tenant will submit the Riverboat Gaming Project Site Plan for review and approval by the City. Prior to the date Tenant commences construction of the Riverboat Gaming Project, the Riverboat Gaming Project Site Plan will be attached to this Lease as Exhibit C and thereby made a part of this Lease, subject to subsequent revisions as are approved by the City in its reasonable discretion in the event of any substitution between the Preferred Site Configuration and the Alternate Site Configuration. The construction of the Riverboat Gaming Project will be completed substantially in accordance with the Riverboat Gaming Project Site Plan and all applicable laws, rules and regulations. Tenant will obtain the written approval of the City before making any material changes in the Riverboat Gaming Project Site Plan. The City agrees to act promptly and reasonably with respect to all requests for approval of the Riverboat Gaming Project Site Plan and/or modifications thereof.

2.4 Project Site. Tenant, with the City's assistance, at Tenant's sole cost, will prepare all plats; obtain all vacation of streets, easements, construction permits, floor plans, certificates, utility consents for relocation of utilities, surveys and perform all other actions necessary for the development and operation of the Riverboat Gaming Project. Tenant will grant to the City, in a form which is reasonably acceptable to Tenant and the City, all easements reasonably requested by the City with respect to the Project Site and normally granted to a City in a development. All streets within the Project Site shall be public streets provided that all land up to the curb line will remain, pursuant to this Lease, leased to Tenant.

2.5 Construction of the Land Based Project.

2.5.1 Tenant will complete construction of the Land Based Project in two phases, Phase I/II and Phase III.

2.5.1.1 INTENTIONALLY DELETED

2.5.1.2 No later than June 23, 1997, Tenant will fund the Acquisition Escrow Account (as provided in the Acquisition Escrow Agreement) in the amount provided for in Section 2.5.2 of the Master Agreement. No later than the date on which Tenant begins construction of Phase I/II, Tenant will place into the Construction Escrow Account the sum of One Million Dollars ($1,000,000). During Phase I/II, and in all event (but subject to Section 17.5) no later than April 3, 2001, Tenant will (i) acquire and/or complete construction of the Riverboat/Floating Facility; (ii) complete the acquisition of the Project Site; and (iii) complete the construction of Phase I/II in accordance with the Project Documents and the final Riverboat Gaming Project Site Plan.

2.5.1.3 Phase III will occur in accordance with the terms hereof on an ongoing basis as cash for capital expenditures is generated from operations; provided, however, Phase III must be completed, subject to the provisions of Section 17.5 of this Lease, no later than April 3, 2000. Before proceeding with any Phase III Project Increments, Tenant will, pursuant to the Construction Escrow Agreement, fund the Construction Escrow Account with respect to the applicable Project Increment to the extent not then completed. Tenant will allocate three and one half percent (3.5%) ("Applicable Gross Revenues") of the gross revenues ("Gross Revenues") from the Riverboat Gaming Project to pay for the Project Increments and will, within twenty days after each March 31, June 30, September 30 and December 31 occurring between the Opening Date and the date on which the Construction Escrow Account has been fully funded with respect to all of the Project Increments not then completed, deposit into the Construction Escrow Account the full amount of the Applicable Gross Revenues realized during the calendar quarter then ended. Tenant will provide to the City copies of all reports filed with the Missouri Gaming Commission relating to Gross Revenues as well as monthly financial statements and yearly audited financial statements for the Riverboat Gaming Project. Once the allocated and Applicable Gross Revenues are sufficient to fund a Project Increment, the construction of which at such time is then appropriate in Tenant's

reasonable business judgment for the overall benefit of the Riverboat Gaming Project, Tenant shall submit and diligently pursue the building or other applicable permit. No later than thirty (30) days after the issuance of a building or other applicable permit from the City of Boonville to construct a Project Increment, Tenant shall (i) fund the Construction Escrow Account as provided in the Construction Escrow Agreement to the extent not then fully funded with respect to such Project Increment from deposits of Applicable Gross Revenues (it being understood that in all events and regardless of insufficient Applicable Gross Revenues, Phase III must be completed, including payment in full of the Additional Payment, subject to Section 17.5, no later than April 3, 2000); (ii) enter into Construction Contracts with contractors reasonably acceptable to the City; and (iii) commence construction of such Project Increment. This procedure will be repeated with respect to all Project Increments. Without affecting the obligation of the Developer to complete Phase III no later than April 3, 2000, including payment in full of the Additional Payment, subject to Section 17.5, in the event that all of the Project Increments have been completed other than payment of the Additional Payment, the funds thereafter from time to time on deposit in the Phase III Construction Escrow Subaccount shall be disbursed to the City as installments of the Additional Payment on each April 30, July 31, October 31, and January 31 until the Additional Payment has been paid in full.

2.5.2 Tenant will not commence construction of any portion of the Land Based Project or any Project Increment until the following conditions have been satisfied or waived with respect to such portion or Project Increment by the City, in addition to any other conditions and requirements imposed by this Lease or the Project Documents:

2.5.2.1 the City approves the Riverboat Gaming Project Site Plan;

2.5.2.2 INTENTIONALLY DELETED

2.5.2.3 Tenant has funded the Construction Escrow Account in the amount of $1,000,000 and has obtained all payment, performance and completion bonds in form and amount approved by the City as required under Article 6 of this Lease;

2.5.2.4 Tenant has obtained all permits and other governmental approvals necessary to commence construction;

2.5.2.5 Tenant has provided to the City copies of the contract with each of its contractors. In addition, but not as a condition of commencement of construction, Tenant shall provide to the City a copy of each subcontractor's contract within ten (10) days of receipt by Tenant of each contract;

2.5.2.6 the Commencement Date has occurred;

2.5.2.7 the applicable portions of the Project Site have been transferred to the City; and

2.5.2.8 the contracts (the "Contracts") with any architect, other design professional and any general contractor shall provide, in form and substance reasonably satisfactory to the City, for the assignment of the Contracts to the City as security to the City for Tenant's performance under this Lease, and Tenant shall provide the City copies of the Contracts, together with the further agreement of the respective parties to such Contracts, that if this Lease is terminated, the City may, at its election, use the Riverboat Gaming Project Site Plan as well as any other plans and specifications relating to the Land Based Project upon the payment of any future sums due to any party to the Contract. Tenant conditionally assigns the Contracts and the Riverboat Gaming Project Site Plan to the City, effective upon the termination of this Lease and notice by the City of its exercise of such assignment. Such assignment is self-operative upon the City giving such notice without requirement of further action or documentation by the parties. Notwithstanding anything to the contrary contained in this Section 2.5.2.8, a "Lender" (as defined in Article 15 below) shall not be prohibited from possessing a security interest in the Contracts during the term of a "Leasehold Encumbrance" (as defined in Article 15 below) as long as the City's rights are superior to Lender's rights if and when this Lease terminates.

2.6 Critical Path.

2.6.1 Simultaneously with the funding of the Construction Escrow Account, Tenant will provide a "Phase I/II Critical Path" to the City which will set forth the projected start date of each improvement in the Phase I/II Land Based Project and the Riverboat/Floating Facility, the manner in which each improvement in the Phase I/II Land Based Project and the Riverboat/Floating Facility will be constructed and a projected completion date for each improvement in the Phase I/II Land Based Project and the Riverboat/Floating Facility.

2.6.2 INTENTIONALLY DELETED

2.6.3 Simultaneously with the funding of the Construction Escrow Account for each Project Increment in the Phase III Land Based Project, Tenant will provide the City a "Phase III Critical Path", which will set forth the projected start date for each such Project Increment, the manner in which such Project Increment will be constructed and a projected completion date for such Project Increment.

2.6.4 Tenant shall have the right to modify the Critical Path(1) for each Phase of the Riverboat Gaming Project with the City's prior written consent which consent shall not be unreasonably withheld or delayed.

2.7 Project Engineer; Project Architect. Throughout the period of construction of the Land Based Project, the Project Engineer and the Project Architect, engaged at Tenant's sole cost, and approved by the City, which approval may not be unreasonably withheld or delayed, shall be retained on behalf of and for the benefit of Tenant and the City, to monitor and check the progress of Tenant's work on the Land Based Project. The Project Engineer and the Project Architect will be given reasonable access to the Project Site and all plans, specifications and other permits, documents and reports relating to the construction of the Land Based Project.

2.8 Stoppage of Construction by the City. Where there is a material deviation from the Riverboat Gaming Project Site Plan which has not been approved by the City, the City will have the right, after written notice to Tenant, and failure to cure as provided in this Lease, to order stoppage of construction and demand that such condition be corrected. After issuance of such an order in writing by the City, no further work will be done on the construction of the Land Based Project without the prior written consent of the City, until such conditions have been substantially corrected.

2.9 Completion of the Land Based Project.

2.9.1 Neither any portion of the Phase I/II Land Based Project nor any Project Increment will be operated until the Project Engineer has certified the substantial completion of the infrastructure (i.e. the streets, sewers, utilities, and parking lots) with respect to such portion of the Phase I/II Land Based Project or Project Increment, as the case may be, and the Project Architect certifies that such portion or Project Increment has been substantially completed and the

(1) The Phase I/II Critical Path and the Phase III Critical Path are collectively referred to as the "Critical Path."

City issues a temporary occupancy permit (each such date shall be the "Completion Date" with respect to the work which Tenant wishes to utilize).

2.9.2 Upon completion of Phase I/II and each respective Project Increment, Tenant will provide the City with a complete and legible set of all as-built plans and specifications (including all operating manuals for mechanical systems but excluding surveillance and security systems and secure or sensitive areas) regarding the same, as such plans and specifications may be amended from time to time, within thirty (30) days after such as-built plans and specifications or amendments are received by Tenant. Notwithstanding the foregoing, the City, at its sole discretion, may permit operation of part of the Riverboat Gaming Project prior to certification of substantial completion.

2.9.3 Tenant agrees not to open the Riverboat Gaming Project for business to the public until Phase I/II has been substantially completed.

2.10 Access to the Riverboat Gaming Project and Inspection. Tenant will advise the city regarding the progress of negotiating and contracting for the construction of the Riverboat Gaming Project. The city and Tenant will meet on a mutually agreeable day and time, at a mutually agreeable place; on a monthly basis to discuss the status of the Riverboat Gaming Project generally. Until the construction of the Riverboat Gaming Project is completed, each party will use its reasonable best efforts to keep the other informed as to the status of its efforts and all material events occurring with respect to the Riverboat Gaming Project. The city or its duly appointed agents may, at all reasonable times, enter upon the Project Site and examine and inspect the Riverboat Gaming Project.

2.11 Licenses and Permits. Tenant will, using its best efforts, apply for and obtain all gaming licenses; occupational permits and construction licenses and approvals necessary for the Riverboat Gaming Project.

2.12 Additional Improvements. Tenant may not materially alter or (other than as necessary for and as directly related to required repairs) enlarge or structurally change any improvements constructed in the Project Site or construct additional improvements on the Project Site without the City's prior written consent and approval of plans and specifications for such changes or additions, which consent and approval will not be unreasonably withheld or delayed.

ARTICLE 3
RENT AND OTHER COSTS

3.1 Rent.

3.1.1 Notwithstanding anything to the contrary contained in any Project Document, Tenant will pay a rent payment (the "Lump Sum Rent") of $1,700,000 to the City, as follows:

(1) the sum of Two Hundred Thousand Dollars ($200,000) has been paid, which the City acknowledges it has already received; and

(2) the sum of One Million Five Hundred Thousand Dollars ($1,500,000) shall be paid in two installments, as follows: (i) the first installment (the "First Installment") shall be in the amount necessary to fund the design and/or engineering of the Traffic Improvements, and shall be payable no later than ten (10) days after such amount has been determined (and the parties acknowledge that in partial payment of the First Installment, the Tenant has advanced to the City the sum of One Hundred Fifty Thousand Dollars ($150,000)), and (ii) the second installment shall be in the amount of One Million Five Hundred Thousand Dollars ($1,500,000) less the First Installment (to the extent then previously paid), and shall be payable on or before Tenant begins construction of Phase I/II.

The Lump Sum Rent will be fully earned by the City upon the dates due in consideration of the lost opportunity to the City for alternative uses and development of the Project Site.

3.1.2 Tenant's payment of the Lump Sum Rent pursuant to Section 3.1.1 is a condition of this Lease.

3.1.3 Except as otherwise expressly provided in this Lease, Tenant shall be solely responsible for all obligations, including all monetary requirements under each Prime Lease.

3.1.4 Other than the Lump Sum Rent and the rent required in each Prime Lease, there shall be no other rent, percentage rent, or any equivalent payment constituting rent or docking fees, other than Impositions (defined below) and the Additional Payment (which is a Phase III Project Increment), required to be paid to the City under this Lease.

3.2 Rebate of Rent. After the City has received Eight Hundred Thousand Dollars ($800,000) in Fees (defined below), Tenant

will receive a dollar for dollar rebate (the "Rebate"), up to $200,000, of the Lump Sum Rent for every additional dollar which the City receives from the admission fees (the "Fees") paid with respect to each gaming passenger of the Riverboat/Floating Facility pursuant to Section 313.820.1, RSMo, or any subsequent section of the Missouri statutes which imposes the same or similar admission fee (regardless of how such admission fee is identified), during the one-year period following the Opening Date. The City shall pay the Rebate to Tenant within thirty (30) days of the City's receipt of the Fees from the State of Missouri. Except as provided by this Section 3.2, Tenant shall not be entitled to any rebate, refund or proration of the Lump Sum Rent for any reason.

3.3 Costs. Except as otherwise provided in this Lease, the Riverboat Gaming Project will be developed and operated at the sole cost of Tenant and the City will have no liability and will bear no expense whatsoever for any of the costs or expenses associated with the Riverboat Gaming Project.

3.4 Net Lease. After the Commencement Date, except as expressly provided in this Lease, all costs, expenses and obligations of every kind and nature whatsoever relating to the Project Site and/or the operation of the Riverboat Gaming Project, which may arise or become due during or after the Term (but only with respect to the period of time within the Term of this Lease), shall be paid by Tenant, and the City shall be protected, defended, indemnified and held harmless by Tenant from and against the payment of same and/or any obligation or claimed obligation to pay the same.

ARTICLE 4
OPERATIONS AND USE

4.1 Operations. Tenant will have the right (subject to the provisions of Article 12 of this Lease) and responsibility to continuously operate, subject to Section 17.5 of this Lease, the Riverboat Gaming Project in the manner set forth in this Lease; provided, however Tenant may change the nature and character of the businesses located within the Activity Center, in Tenant's reasonable discretion. Tenant will keep the non-enclosed areas of the Land Based Project (including, without limitation, the amphitheater) open to the general public, without charge, as an outdoor public area provided that Tenant shall have the right to close the park areas after 11 p.m. and prior to 6 a.m. and at other times for reasonable security and safety reasons. Tenant agrees and acknowledges that the Riverboat Gaming Project is to be operated as an integrated entertainment and gaming facility and that Tenant's operation of the Riverboat Gaming Project is part of the City's consideration for selecting Tenant as operator of a riverboat casino facility, granting urban redevelopment rights to Water Street and entering into this Lease, the Master Agreement and the other Project Documents.

4.2 Use of the Project Site.

4.2.1 Tenant will conduct its gaming business, and operate the Riverboat Gaming Project, in all respects in a quality manner and in accordance with the highest standards of operation for similar businesses on the Missouri and Mississippi Rivers in Missouri. The Riverboat Gaming Project will not be operated in any manner which is unlawful, immoral or would constitute a nuisance. Toward that end, Tenant agrees that it will not sell, distribute, display or offer to sell any item, or permit any subtenant, licensee or concessionaire in the Project Site, to sell, distribute, display or offer to sell any item, which is inconsistent with the quality of operation and the ambiance and character of the Riverboat Gaming Project, or which might tend to injure or detract from the moral character or image of the Riverboat Gaming Project. Without limiting the generality of the foregoing, Tenant will not permit the sale, distribution, display or offer for sale of (i) any roach clip, water pipe, toke, coke spoon, cigarette papers, hypodermic syringe or other paraphernalia commonly used in the use or ingestion of illicit drugs, or (ii) any pornographic newspapers, books, magazines, films, performance pictures, video, representation or merchandise of any kind.

4.2.2 Tenant will, at its expense: (i) keep the Riverboat Gaming Project clean, including but not limited to the removal of ice and snow from all streets, traffic ways, alleys, walkways, parking lots, and other areas within the Project Site reasonably requested by the City, and in a sanitary condition; (ii) replace promptly any broken glass; and (iii) keep any garbage, trash, rubbish or other refuse in City approved containers until removed, which will be done on a reasonable basis; and (iv) Tenant will, at its cost, use its reasonable best efforts to keep the Riverboat Gaming Project free of rodents, vermin and other pests..

4.3 Traffic. Tenant and the City will agree upon a traffic flow plan which provides that traffic may gain access to the Riverboat Gaming Project while minimizing the usage of the residential streets in the vicinity of the Project Site.

4.4 Employment. Tenant will give preference to residents of and businesses located in the City of Boonville as well as minority owned and women owned businesses with respect to employment in connection with the construction and operation of the Riverboat Gaming Project subject to all federal, state and local employment and anti-discrimination laws and subject to their ability to perform.

4.5 Security/Safety. Tenant will implement and carry out reasonable security and safety measures for the Riverboat Gaming

Project. This obligation shall in no way lessen the obligation of the City to provide normal police and law enforcement services to Tenant and the Riverboat Gaming Project as are available to other businesses located in the City of Boonville. The City and Tenant agree to cooperate to implement satisfactory coordination between the security provided by Tenant and the City's police responsibilities.

4.6 Thespian Hall. Tenant will coordinate activities at the Land Based Project with those of Thespian Hall to promote year round activities at Thespian Hall. Tenant will ensure that activities at the Land Based Project will not compete with activities at Thespian Hall. It is expressly acknowledged that the operations of the Riverboat/Floating Facility shall not be deemed competition with the activities of Thespian Hall.

ARTICLE 5
REPAIRS AND MAINTENANCE

5.1 Maintenance and Repairs. Tenant, at its sole cost, will repair, maintain and care for the Riverboat Gaming Project and shall keep the same in good order and condition, except for reasonable wear and tear, and shall make all necessary repairs, interior and exterior, structural and nonstructural. All repairs and maintenance will be of at least the same quality as the original work, ordinary wear and tear excepted.

5.2 Maintenance Reserve Fund. Prior to Opening Date, Tenant will establish a repair and maintenance reserve fund (the "Maintenance Reserve Fund") which will equal the annual estimated "Recurring Repair and Maintenance Expenditures" (as defined below) for the portion of the Land Based Project to be completed by the Opening Date. The Maintenance Reserve Fund will be adjusted yearly to the prior year's Recurring Repair and Maintenance Expenditures for the portion of the Land Based Project completed on the first day of the prior year plus an amount equal to the reasonable annual estimated Recurring Repair and Maintenance Expenditures for any other portion of the Land Based Project to be used during the then commencing year. Tenant will each year deposit additional funds into the Maintenance Reserve Fund as needed to bring the balance of the Maintenance Reserve Fund to the level required for the year commencing. The Maintenance Reserve Fund will be held by the City, as landlord, in an interest bearing account with all interest to be paid to Tenant, and may be used by the City if Tenant defaults in its repair or maintenance obligations under the Project Documents or if this Lease and/or the Master Agreement terminates. As used herein, "Recurring Repair and Maintenance Expenditures" means expenditures, whether or not capitalized, for repair and maintenance in the ordinary course of operation of the Land Based Project: (i) of the improvements at the Land Based Project, and (ii) of the landscaping at the Project Site. Recurring Repair and Maintenance Expenditures shall not include, however: (a) costs of

snow removal, lawn mowing, janitorial services and other routine operating expenses; or (b) the amount of any extraordinary capital expenditures by Tenant for major replacement of or additions to the landscaping at the Project Site or the improvements at the Land Based Project.

5.3 No Services Furnished. The City shall not be required to furnish to Tenant any utilities, facilities or services of any kind whatsoever during the Term other than normal fire, police and other law enforcement services as are available to other businesses in the City of Boonville; provided, further, that if the City also operates any public utility, then such services from such public utility will be available to Tenant and Tenant shall pay to the City for such services the same rates as any other commercial customer of similar size. The City shall in no event be required to make any alterations, rebuildings, replacements, changes, additions, improvements or repairs during the Term.

ARTICLE 6
INSURANCE

6.1 Insurance Coverages. Tenant will continuously throughout the Term provide, at its sole cost, the following insurance for the Riverboat Gaming Project in amounts approved by the City: standard property peril insurance in the amount of full replacement value, excluding foundation and footers; flood and earthquake insurance to the extent reasonably available in the amount of replacement value for the Land Based Project; commercial (comprehensive) liability insurance policies, including (but not limited to) bodily injury, property damage, contractor's liability coverage, with broad form property damage endorsement or its equivalent with initial limits of no less than $1,000,000 per occurrence and $2,000,000 in the aggregate; completion and performance bond in standard form and in an amount not less than the total amount of the contract for the work to be completed under such contract on the Riverboat Gaming Project; comprehensive automobile liability insurance with initial limits of no less than $1,000,000 per occurrence and $1,000,000 in the aggregate; builder's risk and (if Tenant is contracting for a boat to be built) ship builder's risk insurance; umbrella and excess umbrella insurance with initial limits of no less than $10,000,000; and Workers' Compensation, Longshoreman and Harbor Workers and Maritime Liability (Jones Act Coverage) insurance policy or similar insurance in form and amounts required by law, including employer's liability. All limits set forth in this Lease shall annually be adjusted for inflation. Notwithstanding the foregoing, in lieu of Tenant obtaining such completion and performance bond, Tenant may, at its option, provide a guaranty in form and content reasonably acceptable to the City on the part of a person or entity of financial strength reasonably acceptable to the City guaranteeing to the City, in the event the contractor fails to perform under the construction contract and the construction contract is terminated as a result thereof, the

payment of that amount, if any, which is incurred by the City in causing the completion of the work which is the subject of the construction contract and which exceeds the contract price under the construction contract at the time of the contract's termination (exclusive of any net increase solely attributable to change orders modifying the scope of the work and generated by the City after the contract's termination or other cost increases solely attributable to acts or omissions of the City).

6.2 Named Insureds. All policies of insurance provided for in this Article 6 shall name Tenant as the insured, and the City as an additional named insured, as their respective interests may appear. Prior to the Commencement Date, and at least thirty (30) days before the expiration of each policy then in force, Tenant shall deliver to the City certificates evidencing the existence of all required insurance policies.

6.3 Waiver of Subrogation and Release. Provided that the following can be obtained and at a reasonable cost. (Tenant acknowledging that as of the date of this Lease, the following can be obtained and at a reasonable cost), each such policy shall contain an endorsement containing a waiver of subrogation so that no act or omission of the City or anyone operating under rights granted by it shall affect or limit the obligation of the issuing insurance company to pay the amount of any loss sustained. Tenant for itself and all parties claiming by, through or under it; release and discharges the City, its officers and agents, from all losses, damages, claims or liabilities arising by reason of any peril insurable (subject to exceptions and exclusions of such policy) pursuant to the property peril insurance policy required under Section 6.1 hereof.

6.4 Cancellation/Modification Notice. Each such policy or certificate issued by the insurer shall contain an agreement by the insurer that such policy shall not be canceled, modified, nonrenewed or amended without at least thirty (30) days prior written notice to the City.

ARTICLE 7
INDEMNIFICATION

7.1 Indemnification of the City. Tenant will defend, indemnify and hold harmless the City against and in respect of any obligation, liability (excluding any exemplary damages) or expense (including court costs and reasonable attorneys' fees) incurred by the City as a result of any claim or action brought against the City arising out of the acquisition, development or operation of the Riverboat Gaming Project or in connection with the Project Site or the Riverboat Gaming Project except damages arising out of the negligence or willful misconduct of the City, its agents and employees, or the City's failure to properly follow the statutory

and other governing rules and procedures required of the City to properly take an action.

7.2 Indemnification of Tenant. The City will defend, indemnify and hold harmless Tenant against and in respect of any obligation, liability (excluding any exemplary damages) or expense (including court costs and reasonable attorneys' fees) incurred by Tenant as a result of any claim or action brought against Tenant arising out of any (i) negligence or willful misconduct of the City or its agents or employees, as landlord, or (ii) any misfeasance or malfeasance of the City or its agents or employees in its capacity as a governing body, in connection with the Project Site or the Riverboat Gaming Project.

7.3 Notification. The party seeking indemnification (the "Indemnitee") shall notify the party from whom indemnification is sought (the "Indemnitor") in writing of any action, suit or proceeding for which indemnification is sought and the Indemnitor shall have the right to retain counsel of the Indemnitor's reasonable choice and at the sole cost of the Indemnitor, to defend the Indemnitee; provided, however, the Indemnitor shall not enter into any settlement without the prior written consent of the Indemnitee, which consent shall not be unreasonably withheld or delayed.

ARTICLE 8
TAXING AND DESTRUCTION OF PROJECT SITE

8.1 Taking of Facilities. If all or any part of Tenant's leasehold interest under this Lease is taken through powers of eminent domain exercised by a governmental entity other than the City, Tenant shall receive 90% and the City shall receive 10% of the condemnation award. If any part of the Project Site is taken through the exercise of eminent domain, Tenant shall have the right to reconfigure the Project Site and modify the Riverboat Gaming Project as necessary as the result of the eminent domain. The City shall not grant any eminent domain rights with respect to the Project Site other than to Water Street so long as this Lease remains in effect.

8.2 Destruction of Riverboat Gaming Project. If nonmaterial damage or destruction occurs with respect to all or any part of the Riverboat Gaming Project during the Term, Tenant shall rebuild that portion of the Riverboat Gaming Project destroyed and all work performed shall be of at least equal quality to the original work, ordinary wear and tear excepted. If material damage or destruction occurs with respect to all or any part of the Riverboat Gaming Project during the Term, Tenant may rebuild that portion of the Riverboat Gaming Project destroyed and all work performed shall be of at least equal quality to the original work, ordinary wear and tear excepted; provided, however if Tenant elects not to rebuild then Tenant shall pay to the City (i) all insurance proceeds, other

than any loss of income or loss of business proceeds, payable with respect to the Land Based Project together with the deductible amount under the insurance policy(ies) with respect to which Tenant is to pay the proceeds to the City or (ii) if the amount of the damage does not exceed the deductible, the amount of the damage, and this Lease shall terminate.

ARTICLE 9
COMPLIANCE WITH LAWS

9.1 General Compliance. During the Term, Tenant, at its sole cost, shall promptly comply with all applicable present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, or other body or bodies exercising similar functions, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Riverboat Gaming Project.

9.2 Environmental Matters.

9.2.1 Negative Covenants. Tenant covenants and agrees not to: (i) bring to or place on the Riverboat Gaming Project any Hazardous Materials (defined below) other than in such Quantities as are reasonably necessary in connection with the conduct of Tenant's business at the Riverboat Gaming Project; (ii) dump, flush or otherwise dispose of any Hazardous Materials (defined below) into the Missouri River or any drainage, sewage or waste disposal systems serving the Riverboat Gaming Project; (iii) generate, store or use (other than in such quantities as are reasonably necessary in connection with the conduct of Tenant's business at the Riverboat Gaming Project), release, spill or dispose of any Hazardous Materials (defined below) in or on the Riverboat Gaming Project except in strict compliance with Environmental Laws (defined below); (iv) transfer or transport any Hazardous Materials (defined below) from the Riverboat Gaming Project to any other location except in strict compliance with Environmental Laws (defined below); (v) commit or allow to be committed in or on the Riverboat Gaming Project any act which would require any reporting or filing of any notice with any governmental agency pursuant to any Environmental Law (defined below).

9.2.2 Removal. Tenant agrees that if during the Term it or anyone shall generate, store (other than in such quantities as are reasonably necessary in connection with the conduct of Tenant's business at the Riverboat Gaming Project), release, spill, dispose of, or transfer or transport (other than in such quantities as are, reasonably necessary in connection with the conduct of Tenant's business at the Riverboat Gaming Project) to the Riverboat Gaming Project any

"Hazardous Materials" (defined below), Tenant will immediately remove the same, at its sole cost, in the manner provided by all applicable "Environmental Laws" (defined below); regardless of when such Hazardous Materials are discovered. Furthermore, Tenant shall (i) pay and (ii) indemnify, defend and hold the City harmless against, all fines, penalties, claims, demands and other assessments (including without limitation, remediation costs and environmental damages) imposed or brought by any governmental agency or others with respect to any Hazardous Materials and will immediately repair and restore any portion of the Riverboat Gaming Project and/or the Missouri River which it damages or disturbs in removing any such Hazardous Materials and remediating the Riverboat Gaming Project to the condition which existed prior to the damage \or disturbance.

9.2.3 Notification. Tenant shall deliver promptly to the City any notices, orders or similar documents received from any governmental agency or official concerning any violation of any Environmental Laws or with respect to any Hazardous Materials affecting or emanating from the Riverboat Gaming Project.

9.2.4 Definitions.

9.2.4.1 As used in this Lease, the term "Hazardous Materials" shall be interpreted broadly to mean and include any oils, petroleum, petroleum by-products, asbestos, polychlorinated biphenyls, urea formaldehyde, and any other toxic or hazardous wastes, materials, pollutants and substances which are defined, classified, determined or identified as such in any Environmental Laws, or in any judicial or administrative interpretation of Environmental Laws.

9.2.4.2 As used in this Lease, "Environmental Laws" shall mean all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum by-products, chemicals or industrial, toxic or hazardous substances, materials or wastes into the environment including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or their cleanup or other remediation.

9.2.5 Survival. The obligations of Tenant contained in this Section 9.2 shall survive the termination of this Lease.

9.3 Inspection Rights. The City, its officers, employees, contractors and agents shall have the right, but not the duty, to inspect the Project Site and Tenant's relevant environmental, land use and other documents, and to perform such tests on the Project Site and the adjacent river as are reasonably necessary to determine whether Tenant is complying with the material terms of this Article 9 at any reasonable time, so long as such inspection does not reasonably interfere with Tenant's ongoing business operations. The City shall be responsible for any and all damage it, its officers, employees, contractors or agents cause, with respect to the Project Site and/or the Riverboat Gaming Project as the result of their inspection or testing hereunder.

ARTICLE 10
IMPOSITIONS AND CONTEST

10.1 Impositions. Tenant will pay or cause to be paid, subject to Section 10.5 of this Lease, all current and past due taxes, including but not limited to ad valorem taxes and special assessments which constitute or will constitute if not paid, a lien on the Project Site, the Land Based Project, the leasehold interest created by this Lease, or the "Improvements and Personalty" (defined below) (subject to Sections 3.1.4 and 16.1) (collectively referred to as the "Taxes") prior to the Taxes being past due, which at any time on or after the Commencement Date may be assessed, levied, confirmed, imposed upon, and/or become due and payable during the balance, if any, of the Term; provided, however, that if, by law, any Taxes may, at the option of the taxpayer, be paid in installments, Tenant may pay the same in equal installments over the period of time allowed by law, provided, however, that Tenant shall pay all such installments remaining unpaid at the termination of this Lease. It is the intention of the parties that the Land Based Project, the leasehold interest created by this Lease and the Improvements and Personalty will be subject to taxation under Missouri law notwithstanding that the land constituting the Project Site is owned by the City.

10.2 Furnished Receipts. Tenant, upon written request of the City, shall furnish to the City, within thirty (30) days after the date of such request, official receipts of payment issued by the appropriate taxing authority, or other evidence of payment satisfactory to the City.

10.3 Utilities. During the Term, Tenant shall be solely responsible for paying for all utilities required for operation of the Riverboat Gaming Project and shall make all payments for or with respect to the same on a timely basis.

10.4 Protection against Lien Claims. All work on the Land Based Project will be performed by Tenant in such a manner that the Land Based Project will remain free and clear at all times of all liens and encumbrances of any nature except for Taxes not yet due and payable and liens created by persons working under the direction of the City for which payment is not the responsibility of Tenant. Subject to the foregoing, Tenant will promptly pay and discharge all claims and liens in connection with the Land Based Project. Notwithstanding the foregoing, Tenant shall not be liable for any liens or encumbrances for work performed on the Project Site after Tenant relinquishes possession of the Project Site except as provided in this Lease.

10.5 Contest of Liens, Laws and Taxes. Tenant shall have the right, after prior written notice to the City, to contest by appropriate administrative and/or legal proceedings, diligently conducted, in good faith, without cost or expense to the City, unless and to the extent that the City is the defendant to the action that Tenant brings, the validity or application of any Taxes, Utilities charges, liens or laws (collectively "Impositions" and individually "Imposition"), subject to the following:

10.5.1 if, by the terms of any Imposition, compliance therewith pending the prosecution of any such proceeding may legally be delayed without the occurrence of any lien, charge or liability of any kind against the Project Site, the leasehold interest created by this Lease, the Land Based Project or the Improvements and Personalty, or the operation of the Riverboat Gaming Project, and without subjecting Tenant or the City to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance until the final determination of such proceeding; or

10.5.2 if any lien, charge or civil or criminal liability would be incurred by reason of any such delay, Tenant nevertheless may contest as aforesaid and delay as aforesaid, provided that such delay would not subject the City to criminal liability, and Tenant furnishes to the City satisfactory evidence of security to the City against any loss or injury by reason of such contest or delay, if required by the City. If Tenant posts a bond in the amount of the Imposition under contest, Tenant shall be deemed to have provided reasonable security.

10.6 City Joinder In Contest. To the extent legally necessary to enable Tenant to lawfully exercise its rights under this Lease to contest an Imposition, the City shall, at Tenant's expense, join in any such contest in which the City is not the defendant or adverse party.

ARTICLE 11
TEE CITY'S PERFORMANCE OF TENANT'S COVENANTS

11.1 The City's Right to Perform. If Tenant fails to pay any Imposition in accordance with this Lease, or to take out, pay for, maintain or deliver any of the insurance policies or certificates as provided for in this Lease, or fails to make any other payment or perform any other act on its part to be made or performed under this Lease, then the City, after written notice to Tenant and Tenant's failure to cure the same within thirty (30) days after such notice (or immediately without notice or opportunity to cure in the event of an emergency), may (but shall be under no obligation to) (i) pay any Imposition or other charge payable by Tenant pursuant to this Lease, or (ii) take out, pay for and maintain any of the insurance policies provided for in this Lease, or (iii) make any other payment or perform any other act on Tenant's part to be made or performed under this Lease, and may enter upon the Project Site for any such purpose, and take all such action, as may be necessary. No such payment or performance by the City will waive or release Tenant from its obligation which the City has elected to pay or perform on behalf of Tenant nor waive the City's right to take such action as may be permissible under this Lease as a result of such default.

11.2 Repayment by Tenant. All sums so paid by the City and all costs and expenses incurred by the City (including without limitation fees of attorneys and other professionals) in connection with the performance of any such act, shall bear interest until repaid to the City at the rate of 300 basis points above the prime rate of Boonslick Bank in Boonville, Missouri and shall be paid by Tenant to the City within five (5) days after demand.

ARTICLE 12
TERMINATION

12.1 Termination Events.

12.1.1 The following event "Terminating Events") shall violate conditions to performance by the City of its obligation under this Lease , and shall constitute the only grounds for the City terminating this Lease: (i) subject to Section 17.5 of this Lease, the failure of Tenant to complete construction of Phase I/II of the Land Based Project no later than April 3, 2001; (ii) subject to Section 13.2.1 of this Lease, the total abandonment of the Land Based Project; (iii) subject to Section 13.2.1 and Section 17.5 of this Lease, the ceasing of gaming activities at or from the Project Site for a period of more than thirty (30) consecutive days; (iv) the failure of Tenant to keep the public park areas (which include the amphitheater area) open to the public (but subject to such rights of closure as are provided in Section

4.1 of this Lease) after notice and reasonable opportunity to cure; (v) the failure of Tenant to pay the rent required under Section 3.1 of this Lease; (vi) the failure of Tenant to comply with Section 2.5 of the Master Agreement after notice and reasonable opportunity to cure; (vii) the failure of Tenant to operate the Riverboat Gaming Project pursuant to Section 4.1 of this Lease after notice and reasonable opportunity to cure; (viii) the failure of Tenant to maintain insurance as required pursuant to Article 6 of this Lease; (ix) the failure of Tenant to pay any City expenses which are the responsibility of Tenant pursuant to this Lease or the Master Agreement or other monetary amounts which the City advances for the benefit of Tenant (and which the City has the right to advance under the terms of this Lease or the Master Agreement) after notice and reasonable opportunity to cure; (x) the termination of the Master Agreement; or (xi) subject to Section 17.5 of this Lease, the failure of the Opening Date to occur by April 3, 2001.

12.1.2 Upon termination of this Lease, all improvements to the Project Site, and all improvements, equipment, fixtures, trade fixtures and personal property (except solely those artifacts, objects of art and similar discreet items which are in good faith merely loaned or made available to Tenant for display at the Riverboat Gaming Project and so designated by written notice to the City within thirty (30) days after such item is first placed upon the Riverboat Gaming Project) constituting the Land Based Project (the "Improvements and Personalty") shall automatically become the sole and exclusive property of the City. Until the termination of this Lease, the Improvements and Personalty shall be the property of the Tenant. In the event that the Riverboat Gaming Project is constructed in accordance with the Preferred Site Configuration, then the term "Improvements and Personalty" shall include the Riverboat/Floating Facility (but not interior gaming equipment and other personalty located therein, which shall be the property of Tenant in all events and regardless of whether the Riverboat Gaming Project is constructed in accordance with the Preferred Site Configuration or the Alternate Site Configuration) and the Holding Pond. In the event that the Riverboat Gaming Project is constructed in accordance with the Alternate Site Configuration, then the Riverboat/Floating Facility will remain the property of Tenant and may be removed by Tenant upon the termination of this Lease. During the Term, Tenant will satisfy any liens or encumbrances and prevent, except as otherwise provided in this Lease, any lien or encumbrance from being filed against the Project Site or the Improvements and Personalty other than for ad valorem property taxes and special assessments not yet due and payable, so that the Project Site and the Improvements and Personalty will at all

times during the Term be free and clear of all liens and encumbrances.

12.1.3 Tenant agrees that the City shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of the Project Site. Tenant agrees that if it fails to surrender possession of the Project Site and the Improvements and Personalty, Tenant shall be liable to the City for all damages which the City shall suffer from Tenant's failure to surrender possession.

12.2 Surrender and Delivery of the Project Site. Tenant shall, upon the termination of this Lease, deliver possession of the Project Site and the Improvements and Personalty to the City without delay and in good order, condition and repair, except for reasonable wear and tear, and free and clear of all occupancies, subleases, concessions and licenses, and free and clear of all liens and encumbrances. In the event that the Riverboat Gaming Project is constructed in accordance with the Alternate Site Configuration, then the Riverboat/Floating Facility shall not constitute part of the Land Based Project and shall remain the sole property of Tenant upon termination of this Lease.

12.3 Personal Property Not Removed. Tenant shall remove all of Tenant's personal property which does not constitute the Personalty from the Project Site upon termination of this Lease. Any personal property of Tenant which remains in or on the Project Site after thirty (30) days from the termination of this Lease may, at the option of the City, be deemed to have been abandoned by Tenant and either retained by the City as its property or disposed of in such manner by the City as the City may see fit.

12.4 The City Not Responsible. After termination of this Lease, the City shall not be responsible for any loss or damage occurring to any personal property owned by Tenant or any sublessee, licensee or franchisee of Tenant or any of their respective suppliers, customers or invitees.

12.5 Restoration. If the Riverboat Gaming Project is constructed in accordance with the Alternate Site Configuration, then following termination of this Lease, Tenant will, if requested in writing by the City within thirty (30) days after this Lease terminates, remove the Holding Pond. If the City does not request removal of the Holding Pond within thirty (30) days after termination of this Lease, the Holding Pond shall become the property of the City.

12.6 survival. Every obligation of Tenant under this Lease and each Prime Lease which relates to the Riverboat Gaming Project or the occupancy by Tenant of the Project Site, including the Railroad Portion and the DNR Portion, shall survive the termination of this Lease and the applicable Prime Lease and shall not

terminate until such obligation is fully satisfied by Tenant. Notwithstanding the foregoing, Tenant shall incur no obligation or liability under either this Lease or any Prime Lease which arises after the termination of this Lease or such Prime Lease, as the case may be, other than obligations or liabilities which result from any action by Tenant, its agents or employees or from the occupancy of the Project Site by Tenant or relate to the period of time that Tenant occupied the Project Site.

ARTICLE 13
DEFAULT AND REMEDIES

13.1 Default. The following constitute a "Default" under this Lease:

13.1.1 Failure to perform or observe any covenant, obligation or agreement of this Lease which failure continues uncured for thirty (30) days after written notice from the City; provided that if such Default is of such a nature that it cannot reasonably be cured within such thirty (30) day period, then so long as Tenant commenced cure efforts within the thirty (30) day period and diligently pursues completion of such cure, the thirty (30) day period will be extended for such period of time as is reasonably necessary to complete such cure.

13.1.2 The occurrence of any other event described as constituting a "Default" in the Project Documents, which is not cured within any applicable notice and cure period.

13.2 Remedies.

13.2.1 If for any reason Tenant abandons the Phase I/II portions of the Land Based Project at any time on or after the date the Acquisition Escrow Account is funded by Tenant in accordance with this Lease Agreement and the Master Agreement, then Tenant shall have the right to attempt to sell its interest in the Riverboat Gaming Project (including but not limited to an assignment of its interest under this Lease) in accordance with the provisions of Section 1.6.2 of the Master Agreement, and in the event of such abandonment, the rights and remedies of Tenant and the City in connection therewith shall be as provided for, and as limited in, Sections 1.6.2, 1.6.3 and 1.6.4 of the Master Agreement.

13.2.2 The cessation of gaming activities at or from the Project Site for period of 30 consecutive days or more shall, unless caused by the matters provided for in Section 17.5 of this Lease, be deemed to constitute an abandonment of the Phase I/II portions of the Land Based Project, and in such event the parties shall have the rights and remedies provided for in Section 13.2.1 above; provided,

however, that unless such cessation of gaming activities was a voluntary act by Tenant, Tenant shall have the right to promptly commence such action as may be necessary or appropriate to permit the resumption of gaming activities at or from the Project Site, and so long as Tenant is diligently pursuing such action, the cessation of gaming activities (i) shall not be considered an abandonment of the Phase I/II portions of the Land Based Project, and (ii) shall not permit the City to terminate this Lease in accordance with clause (iii) of Section 12.1.

13.2.3 If a Default arises from Tenant's failure to complete Phase III (other than payment of the Additional Payment) as and when required under the Project Documents, within thirty (30) days after receiving written notice of such Default from the City, Tenant will (i) cure such default, (ii) notify the City in writing that such failure is for reasons beyond its control, or due to events or circumstances within the scope of Section 17.5 of this Lease, that are then reasonably likely to continue indefinitely, or (iii) notify the City that such failure is due to events or circumstances within the scope of Section 17.5 that are not then likely to continue indefinitely. In the case of clause (ii) above, the City will be entitled to an amount equal to the actual reasonable cost of completion of the uncompleted Project Increment(s), and Tenant will accompany its written notice referred to in clause (ii) above with payment to the City of its estimated cost of completion of such Project Increment(s) (with Tenant remaining obligated to pay the actual reasonable cost thereof, if greater, and the City remaining obligated to refund any excess of such payment over the actual reasonable cost thereof, if lower). In the case of clause (iii) above, so long as Tenant commenced cure efforts within thirty (30) days after receiving written notice of such Default from the City and diligently pursues completion of such cure, the thirty (30) day period will be extended as reasonably necessary to complete such cure. If a Default arises from Tenant's failure to fully pay the Additional Payment as and when required under the Project Documents, Tenant shall have a period of thirty (30) days after receipt of written notice of such Default from the City to cure such Default.

If the City disagrees with the position taken in Tenant's notice referred to in the foregoing paragraph, then it will within thirty (30) days of receiving such notice so notify Tenant in writing, and, unless the parties otherwise agree, the dispute will be submitted to arbitration in St. Louis, Missouri under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator(s) shall be binding and conclusive on the City and Tenant, and a judgment on the award may be entered by any court having jurisdiction. In addition, if the position taken

by Tenant in its written notice to the City was as specified in clause (ii) above, then the City's written notice made pursuant to this paragraph will be accompanied by a return of the payment tendered by Tenant.

ARTICLE 14
BANKRUPTCY

14.1 Events of Bankruptcy. The following shall be "Events of Bankruptcy" under this Lease:

14.1.1 Tenant's having been adjudicated insolvent, as that term is defined in 11 U.S.C. § 101, et. seq. (the "Bankruptcy Code"), or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws");

14.1.2 the appointment of a receiver or custodian for all or a substantial portion of Tenant's property or assets, or the institution of a foreclosure action upon all or a substantial portion of Tenant's real or personal property;

14.1.3 the filing of a voluntary petition by Tenant under the provisions of the Bankruptcy Code or Insolvency Laws;

14.1.4 the filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is either not dismissed within sixty (60) days of filing, or results in the issuance of an order for relief against the debtor, whichever is later; or

14.1.5 Tenant's making or consenting to an assignment for the benefit of creditors or a common law composition of creditors.

14.2 The City's Remedies.

14.2.1 Termination of Lease. Upon the occurrence of an Event of Bankruptcy, the City shall have the right to terminate this Lease by giving written notice to Tenant, and Tenant shall be immediately obligated to quit the Project Site. Any other notice to quit, or notice of the City's intention to reenter, is expressly waived. If the City elects to terminate this Lease, everything contained in this Lease on the part of the City to be done and performed shall cease without prejudice; subject, however, to the right of the City to recover from Tenant all amounts owed up to the time of termination or recovery of possession by the City, whichever is later, and any other monetary damages or losses sustained by the City; provided, however, and notwithstanding the

foregoing or the further remedies set forth in this Section 14.2, the City shall not have the right to terminate this Lease while a case in which Tenant is the subject debtor under the Bankruptcy Code is pending, unless Tenant or its trustee in bankruptcy (the "Trustee") is unable to comply with the provisions of Sections 14.2.5 of this Lease.

14.2.2 Suit for Possession. Upon termination of this Lease pursuant to Section 14.2.1 of this Lease, the City may proceed to recover possession under and by virtue of the provisions of the laws of Missouri or by such other proceedings, including reentry and possession, as may be applicable.

14.2.3 Reletting of Project Site. Upon termination of this Lease under Section 14.2.1 of this Lease, the City shall have the option to relet the Project Site for such rent and upon such terms, in the City's sole discretion. The City shall not be liable in any way whatsoever for failure to relet the Project Site or, if the Project Site is relet, for failure to collect the rent under such reletting, and in no event shall Tenant be entitled to receive the excess, if any, of such net rent collected over the sums payable by Tenant to the City under this Lease.

14.2.4 Monetary Damages. Any damage or loss sustained by the City as a result of an Event of Bankruptcy may be recovered by the City in any manner available at law or in equity. However, if Tenant becomes the subject debtor in a case pending under the Bankruptcy Code, the provisions of this Section 14.2.4 may be limited by the limitation of damage provisions of the Bankruptcy Code.

14.2.5 Assumption or Assignment by Trustee. If Tenant becomes the subject debtor in a case pending under the Bankruptcy Code, the City's right to terminate this Lease pursuant to this Article 14 shall be subject to the rights of the Trustee to assume or assign this Lease. The Trustee shall not have the right to assume or assign this Lease unless the Trustee (i) promptly cures all Defaults under this Lease and all other Project Documents (ii) promptly compensates the City for monetary damages which the City has established to the satisfaction of the Bankruptcy Court that it has incurred as a result of such Defaults, (iii) provides "adequate assurance of future performance", and (iv) complies with Article 15 of this Lease.

ARTICLE 15
ASSIGNMENT/SUBLEASE/ENCUMBRANCE

15.1 Assignment, Subletting and Other Transfers.

15.1.1 Subject to Sections 15.1.3, 15.1.4 and 15.1.5, Tenant may not assign this Lease, or sublet the Land Based Project, in whole or in part, without the City's prior written consent (which may not be unreasonably withheld). No such assignment or sublease, even if so consented to, will be effective until the City receives and approves an executed counterpart of such assignment or sublease, in recordable form, under which the assignee assumes all obligations of Tenant under this Lease. This Article 15 shall not be construed to prevent Tenant from assigning its rights pursuant to Section 16 of the Master Agreement provided that Tenant complies with this Article 15. Notwithstanding the foregoing, Tenant may sublease individual premises within buildings that constitute part of the Land Based Project (for example, without limitation, a sublease of a restaurant facility) without the prior consent of the City; provided, however, that each such sublease will terminate upon the expiration or sooner termination of this Lease and will provide that such sublease is subject to all of the terms and conditions of this Lease.

15.1.2 Subject to Sections 15.1.3, 15.1.4 and 15.1.5, any transfer, whether voluntary, involuntary or by operation of law, or any issuance by Tenant, of shares of stock or other interests of a proprietary nature in Tenant or its successor which, whether through a transaction or series of transactions, results in the Trusts or their Permitted Transferee(s) (defined below) ceasing to own at least 51% of all of the issued and outstanding shares of stock and other interests of a proprietary nature in Tenant may not occur without the prior written consent of the City (which may not unreasonably be withheld).

15.1.3 Notwithstanding Sections 15.1.1 and 15.1.2, it will be unreasonable per se for the City to withhold its consent to a transfer (i) on the ground (whether by itself or together with other factors) that the proposed transferee has insufficient net worth if the proposed transferee has a net worth, immediately prior to the transfer, of at least Ten Million Dollars ($10,000,000) (exclusive of goodwill and other intangible assets if the proposed transferee is not an individual), it being understood that the City may reasonably consent to a transfer to a proposed transferee with a net worth of less than such amount, or (ii) if the proposed transferee is a Necessarily Acceptable Transferee (defined below), it being understood that the City may reasonably

consent to a transfer to a proposed transferee other than a Necessarily Acceptable Transferee.

15.1.3.1 For purposes of this Section 15.1.3, a "Necessarily Acceptable Transferee" means that the proposed transferee satisfies all of the following criteria, as evidenced to the City by such documentation as the City may reasonably request:

(a) the proposed transferee has a net worth, immediately prior to the transfer, of at least Ten Million Dollars ($10,000,000) (exclusive of goodwill and other intangible assets if the proposed transferee is not an individual);

(b) the proposed transferee shall either (i) have proven expertise in the gaming industry of at least five (5) continuous years, or (ii) be a company whose equity interests are directly or indirectly owned 50% or more by a company or individuals with proven expertise in the gaming industry of at least five (5) continuous years;

(c) Tenant shall have in its employ following the transfer a general manager for the Riverboat Gaming Project whose executive officers and other key personnel (as reasonably designated by the City) possess proven expertise in the gaming industry as evidenced by prior business activity of at least five (5) continuous years; and

(d) the proposed transferee has been investigated by the Missouri Gaming Commission and advised in writing that issuance of all permits and licenses necessary in order to lawfully conduct gaming activities at the Project Site in accordance with the terms of this Master Agreement and Master Lease will be forthcoming reasonably contemporaneously with the effective date of the transfer.

15.1.4 Notwithstanding Sections 15.1.1 and 15.1.2, the Trusts may transfer all or a portion of their proprietary interest in Tenant without the City's consent to, or to a trust for the benefit of, Marvin Davis or a spouse, child or grandchild of Marvin Davis (individually, a "Permitted Transferee" and, collectively, "Permitted Transferees").

15.1.5 Notwithstanding Sections 15.1.1 and 15.1.2, Tenant may transfer its rights under the Project Documents without the City's consent so long as after giving effect to such transfer the transferee is a corporation, partnership or

limited liability company the proprietary interests of which are at least 51% owned, directly or indirectly, by the Trusts or their Permitted Transferee(s).

15.2 Limited Right to Encumber Leasehold Interest. Tenant may, at any time and from time to time during the term of this Lease (subject, however, to the limitations contained in Section 15.2.3), encumber, by deed of trust or mortgage or other security instrument in favor of a Lender who has been approved by the Missouri Gaming Commission (to the extent such approval is required by applicable law) as an acceptable secured lender to Tenant ("Lender"), all of Tenant's interest under this Lease and the leasehold estate hereby created in Tenant (the "Leasehold Estate") together with any or all of the other portions of the Riverboat Gaming Project owned by Tenant (such deed of trust, mortgage or other security instrument is referred to in this Lease as a "Leasehold Encumbrance"), strictly in accordance with the terms hereinafter set forth:

15.2.1 Any Leasehold Encumbrance shall be subject to all covenants, conditions and restrictions set forth in this Lease and to all rights and interests of the City.

15.2.2 Tenant shall give the City no less than twenty (20) days prior written notice of any Leasehold Encumbrance, accompanied by a copy of any and all deeds of trust, mortgages and/or other security instruments evidencing, creating and/or governing the Leasehold Encumbrance (collectively the "Security Instrument").

15.2.3 Any indebtedness secured by a Leasehold Encumbrance must, at the time of creation of such Leasehold Encumbrance, comply with the following:

(a) as long as Tenant is at least 51% owned, directly or indirectly, by beneficiaries of the Trusts, no indebtedness secured by a Leasehold Encumbrance shall have a term which extends (regardless of when the indebtedness is incurred) past the tenth (10th) anniversary of the Opening Date; and

(b) except to the extent such indebtedness is personally guaranteed by any of (i) Marvin Davis, (ii) any or all of the Trusts, or (iii) any individual or entity with a net worth in excess of $10,000,000 (exclusive of goodwill and other intangible assets in the case of an entity), the amount of such indebtedness (i.e., the amount of the unguaranteed portion of such indebtedness) shall not exceed a sum equal to 60% of the fair market value of the Riverboat Gaming Project.

The parties acknowledge that in the event that Tenant desires to expand the geographic area of the Project Site beyond the area contemplated by the Master Agreement or desires to construct additional improvements as a part of the Land Based Project upon the Project Site, and in the event that Tenant and the City mutually agree upon the applicable terms and conditions of such geographic expansion or additional improvements, then the parties will negotiate the prospect of Tenant providing to a Lender a security interest in its interest in this Lease to secure financing for such geographic expansion and/or additional improvements.

15.2.4 No Leasehold Encumbrance shall in any way constitute or be construed as a lien or encumbrance on the City's fee interest in the Project Site or on the City's reversionary interest in the Improvements or Personalty. The Leasehold Encumbrance may encompass the Improvements and Personalty but only so long as the Leasehold Encumbrance is in effect with respect to this Lease and only so long as the Leasehold Encumbrance recognizes the City's reversionary interest in the Improvements and Personalty and can not extinguish or affect the City's rights to receive the Improvements and Personalty upon the termination of this Lease free and clear of any lien or encumbrance. Therefore, any lien or encumbrance on the Improvements or Personalty shall only be permitted if such lien or encumbrance is only a lien on the Improvements and/or Personalty for the duration that the Lender has a lien or encumbrance against Leasehold Estate and does not extinguish the City's reversionary interest in the Improvements and/or Personalty. Notwithstanding the foregoing, however, the Lender may also hold liens on the Riverboat/Floating Facility and the other property of Tenant to the extent such property does not constitute the Leasehold Estate or the Improvements or Personalty under this Lease, and Lender shall have the right to realize on such collateral without restriction.

15.2.5 The City shall mail to any Lender who has given the City written request for the same accompanied by notice of its address (a "Noticed Lender"), a duplicate copy of any and all notices alleging or asserting the existence of a Default by Tenant under this Lease or the occurrence or existence of any fact, event or circumstance which with the giving of notice or the passage of time, or both, would constitute a Default by Tenant under this Lease (a "Required Lender Notice"). In addition, the City shall use reasonable efforts to mail to any Noticed Lender a duplicate copy of any other notices the City may from time to time give to or serve on Tenant pursuant to or relating to this Lease, but the City

shall have no liability for failure to do so. Any notices or other communications to a Noticed Lender by the City pursuant to this Lease shall be deemed to have been served on or given to Lender three (3) business days after deposit in the United States first class certified mail, return receipt requested, postage prepaid, addressed to Lender at the last mailing address for Lender furnished in writing by the Lender to the City.

15.2.6 For as long as there is any Leasehold Encumbrance in effect, the City hereby expressly agrees that it will notify a Noticed Lender prior to materially modifying any material term of this Lease. Notwithstanding the foregoing, however, upon foreclosure or other realization under a Leasehold Encumbrance (including but not limited to by assignment or other transfer in lieu of foreclosure), no Lender or other person which succeeds to the interest of Tenant shall be bound by any amendment to this Lease which has not been consented to by Lender in writing.

15.2.7 A Lender with a valid Leasehold Encumbrance shall have the right at any time to:

15.2.7.1 do any act or thing required of Tenant under this Lease, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Tenant's rights under this Lease as if done by Tenant; and/or

15.2.7.2 realize on the security afforded by the Security Instrument by foreclosure proceedings, accepting an assignment in lieu of foreclosure, or other remedy afforded in law or in equity or by the Security Instrument, and to:

(a) transfer, convey or assign the title of Tenant to the Leasehold Estate to any purchaser at any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in the Security Instrument, or to an assignee pursuant to an assignment in lieu of foreclosure, provided that in each and any such instance the Lender shall first obtain the prior written consent of the City, which consent shall not be unreasonably withheld or denied so long as the Lender provides to the City satisfactory evidence that the purchaser, assignee or other acquirer is an "Acceptable Transferee" (defined below), but may otherwise be withheld, denied or conditioned in the sole and absolute unrestricted discretion of the City; and

(b) itself acquire and succeed to the interest of Tenant under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted pursuant to a court order or pursuant to a power of sale contained in the Security Instrument, or by virtue of an assignment in lieu of foreclosure, provided that the Lender has complied with the provisions of Sections 15.2.11.3 and 15.2.11.5 below, and further provided that thereafter the Lender shall be required to comply with the provisions of Section 15.2.7.2(a) in connection with any subsequent sale, transfer, assignment or other conveyance or disposition of the Leasehold Estate.

15.2.8 No Lender under any Leasehold Encumbrance shall be liable to the City as an assignee of this Lease unless and until Lender acquires all rights of Tenant under this Lease through foreclosure, an assignment in lieu of foreclosure, or as a result of some other action or remedy provided by law or by the Security Instrument; provided, however, that in all events, any person or entity acquiring the Leasehold Estate (including Lender if Lender acquires the Leasehold Estate) shall be liable to perform Lessee's obligations under this Lease during any period, but only during any period, in which that entity or person has ownership of the Leasehold Estate or possession of the Project Site. No sale, assignment, transfer or other conveyance of the Leasehold Estate by any party who is an assignee, successor in interest or transferee of Lender shall cause any such party to be released from liability under this Lease; provided that Lender shall not be deemed an owner of the Leasehold Estate or to be in possession of the Project Site until Lender acquires all rights of Tenant under the Lease through foreclosure, an assignment in lieu of foreclosure, or as a result of some other action or remedy provided by law or by the Security Instrument.

15.2.9 For as long as there is in effect any Leasehold Encumbrance held by a Noticed Lender, the City may not terminate this Lease because of any Terminating Event other than those Terminating Events listed in Sections 12.1.1 (i),(x) or (xi) of this Lease (the Terminating Events listed in clauses (ii) through and including (ix) being referred to as a "Lender-Curable Terminating Event"), unless the City has given to the Noticed Lender a copy of the written notice provided to Tenant declaring the existence of the Lender-Curable Terminating Event and afforded Lender the opportunity after service of the notice to:

15.2.9.1 Cure the Lender-Curable Terminating Event within 20 days after expiration of the time period granted to Tenant under this Lease for curing such

Lender-Curable Terminating Event, when the Lender-Curable Terminating Event can be cured by the payment of money to the City or some other person;

15.2.9.2 Cure the Lender-Curable Terminating Event within 45 days after expiration of the time period granted to Tenant under this Lease for curing such Lender-Curable Terminating Event, when the Lender-Curable Terminating Event must be cured by something other than the payment of money and can by its nature reasonably be cured within the period of time after service of the notice on Lender and before the expiration of such 30 day period; provided, however, that if the applicable Lender-Curable Terminating Event is of such a nature that, although it can be cured, it cannot be cured within such period, then so long as Lender commences the acts necessary to cure the Lender-Curable Terminating Event within such period and thereafter diligently continues to pursue such cure, then the cure period available to Lender shall be extended for such reasonable period of time as is reasonably necessary in order to permit Lender to complete such cure.

15.2.10 Tenant and Lender, jointly and severally agree to reimburse City on demand for the City's actual costs (including reasonable attorney's fees), incurred in conjunction with the review, processing and documentation of any assignment, transfer, or other change of ownership of the Leasehold Estate effectuated by or on behalf of Lender or otherwise pursuant to the exercise of rights under the Security Instrument.

15.2.11 For purposes of this Section 15.2, the term "Acceptable Transferee" shall mean that the proposed transferee of the Leasehold Estate satisfies each and every one of the following criteria, as evidenced to the City by such documentation as the City shall reasonably request:

15.2.11.1 the proposed transferee has a net worth, immediately prior to the transfer, of at least Ten Million Dollars, exclusive of goodwill and other intangible assets;

15.2.11.2 the proposed transferee shall (a) be a company either (i) with proven expertise in the gaming industry of at least 5 continuous years, or (ii) whose equity interests are directly or indirectly owned 50% or more by a company which has proven expertise in the gaming industry of at least 5 continuous years, and (b) employ a general manager for the Riverboat Gaming Project whose executive officers and other key personnel (as reasonably designated by the City) possess proven

expertise in the gaming industry as evidenced by prior business activity of at least five continuous years;

15.2.11.3 the proposed transferee has been investigated by the Missouri Gaming Commission and advised in writing that issuance of all permits and licenses necessary in order to lawfully conduct gaming activities at the Project Site in accordance with the terms of this Lease will be forthcoming reasonably contemporaneous with the effective date of the transfer of this Lease;

15.2.11.4 the proposed transferee agrees to fund, contemporaneous with the effectiveness of the transfer, the entire then unfunded portion of the Acquisition Escrow Account and the Construction Escrow Account, determined as if there was a present obligation to cause (a) the Acquisition Escrow Account to equal the full unpaid acquisition cost of all phases of the Riverboat Gaming Project and/or (b) the Construction Escrow Account to equal the full unpaid costs of the construction (including required renovations) of all phases of the Riverboat Gaming Project; and

15.2.11.5 the proposed transferee assumes all of the duties and obligations of Tenant (or its affiliates) under this Lease, the Master Agreement and all other Project Documents and agrees to be bound to the City, to observe, perform and/or comply with all of the terms, provisions, conditions, obligations, duties, covenants and agreements at any time to be observed, performed and/or complied with by Tenant (or its affiliates) under each such document as if the transferee were originally a party to the same in the place of Tenant (or its affiliates), all pursuant to documents and/or instruments in form and content as are requested by and acceptable to the City.

15.2.12 Any rights of a Lender pursuant to this Section 15.2, including but not limited to the right to realize on the Leasehold Estate created hereunder, may be exercised by an affiliate or by a nominee on behalf of such Lender.

15.2.13 If this Lease is terminated or is proposed to be terminated for any reason, by the City or Tenant (including, but not limited to, any rejection of this Lease in a bankruptcy proceeding), then as soon as the City learns of such termination or proposed termination, the City will immediately notify Lender of such termination or proposed termination (a "Termination Notice"), which notice will set forth any sums or other performance due to the City under this Lease, and upon the written request of Lender, the City will

enter into a new lease for the Project Site with Lender or its designee (a "Lender Tenant") for the remainder of the term of this Lease, upon the terms, provision, covenants and agreements set forth in this Lease, with such amendments thereto as may have been theretofore approved in writing by Lender, provided:

15.2.13.1 Such Lender Tenant will request the City for such a new lease within thirty (30) days after the date of its receipt of the Termination Notice.

15.2.13.2 Such Lender Tenant will pay to the City, at the time of the execution and delivery of said new lease, on or about the date such Lender Tenant acquires the right to lease the Project Site (which may be subject to delay by operation of any stay in any proceedings involving the reorganization or insolvency of Tenant), any and all sums then due under this Lease but for such termination.

15.2.13.3 Such Lender Tenant will, upon execution, and delivery of said new lease, perform and observe all the other covenants and conditions on Tenant's part to be performed and observed to the extent that Tenant will have failed to perform and observe the same, except that (i) with respect to any breach or default which cannot be cured by such Lender Tenant until it obtains possession of the Project Site, said Lender Tenant will have a reasonable time after said Lender Tenant obtains possession to cure such breach or default, and (ii) in no event will any Lender or Lender Tenant be required to: cure a breach or default relating to the bankruptcy or insolvency of Tenant or any other breach or default of Tenant which is not susceptible of being cured by a Lender Tenant.

ARTICLE 16
COVENANTS

16.1 Covenants By the City. The City represents, warrants and covenants to Tenant and its permitted assigns (i) a covenant of quiet enjoyment for any action taken by or through the City and with the further limitation that the City shall in no way be liable for title defects associated with title prior to the City receiving title to the Project Site; (ii) that this Lease is valid, binding upon and enforceable against the City in accordance with its terms; (iii) that upon execution of this Lease, the City will provide Tenant with an opinion of its legal counsel that this Lease is valid, binding upon and enforceable against the City in accordance with its terms; and (iv) during the term of this Lease, the City shall not assess or charge Tenant for utilities, tap-in rights, hook-ups, refuge pick-up or any other charge for City services or

City owned services which are not consistent with the charges charged to any other business in the City nor shall it impose any docking fees of any nature or description on Tenant.

16.2 Covenants By Tenant. Tenant represents, warrants and covenants to the City as follows:

16.2.1 Enforceability. This Lease is valid, binding upon and enforceable against Tenant in accordance with its terms.

16.2.2 Power and Authority. Tenant is a corporation duly organized, validly existing and in good standing under Nevada law, and is authorized to do business as a foreign corporation in, and is in good standing under the laws of, Missouri. Tenant has the full authority and power to enter into this Lease, to execute and deliver this Lease and to perform and observe all the terms, conditions and provisions of this Lease to be so observed and performed by Tenant. The execution and delivery of this Lease by Tenant has been duly authorized by all necessary action on its part. Tenant shall provide to the City a certified copy of its resolution authorizing the execution and delivery of this Lease.

16.2.3 No Conflicts. Except as otherwise provided in this Lease, nothing in this Lease agreed to by Tenant or its officers, members and directors, will conflict with or result in a breach of the terms and provisions of any contract or agreement to which Tenant, its officers, members or directors, are a party or by which Tenant, its officers, members or directors otherwise are bound, or to the best knowledge of Tenant will violate any existing law, rule, regulation, order of any court or governmental authority having jurisdiction over or otherwise affecting Tenant, its officers, members or directors.

16.2.4 Financial Condition. Tenant is not a party to any assignment for the benefits of its creditors or any bankruptcy proceedings, and the transactions contemplated in this Lease shall not cause Tenant to become insolvent or otherwise unable to pay its debts as the same become due.

16.2.5 No Contract Defaults. Except as otherwise provided in this Lease, Tenant is not in default under the terms or conditions of any contract or agreement to which it is a party, which materially and adversely affects its ability to perform its obligations under this Lease.

16.2.6 No Litigation. Except as otherwise provided in this Lease, to the best knowledge of Tenant, there are no claims, suits or other proceedings threatened or pending against Tenant which materially and adversely affect its ability to perform its obligations under this Lease.

16.2.7 Opinion of Counsel. Tenant shall provide to the City an opinion of counsel stating that Tenant has the requisite power and authority to enter into this Lease, the party executing this Lease on behalf of Tenant has been duly authorized to do so and that this Lease is valid, binding upon and enforceable against Tenant in accordance with its terms. Further, the opinion of counsel shall state that based upon the facts known to counsel but without further investigation or inquiry that this Lease does not violate any existing law, rule, regulation, order of any court or governmental authority having jurisdiction over or otherwise affecting Tenant, its officers or directors

ARTICLE 17
GENERAL PROVISIONS

17.1 Notices. Any notice or other communication required, permitted, or contemplated by this Lease (a "Notice") must be in writing and may be given by a nationally recognized overnight courier service (e.g. Federal Express, Airborne, etc.), United States Mail, registered or certified mail, return receipt requested, personal delivery with executed receipt or facsimile with verification and followed by United States Mail, registered or certified mail, return receipt requested. Such Notice shall be deemed to have been duly given, delivered or served; (i) if and when personally delivered or sent by verifiable facsimile on the date so delivered or sent, or (ii) three (3) days after being mailed by registered or certified mail, postage prepaid, or (iii) one (1) day if sent by a nationally recognized overnight courier delivery service for next day delivery, costs prepaid, addresses to:

The City:	City of Boonville Attn: City Administrator 525 East Spring Street Boonville, Missouri 65233-1658 Telephone: (816) 882-2332 Telecopier: (816) 882-6608
With copies to:	Paul M. Wooldridge, Esq. 312 Main Street Boonville, Missouri 65233 Telephone: (816) 882-3447 Telecopier: (816) 882-2542
And with copies to:	King Hershey Coleman Koch & Stone 2345 Grand Boulevard, Suite 2100 Kansas City, Missouri 64108 Attn: Douglas S. Stone Telephone: (816) 842-3636 Telecopier: (816) 842-2414

Tenant: c/o The Davis Companies
2121 Avenue of the Stars
Suite 2800
Los Angeles, California 90067
Attn: Michael Colleran
Telephone: (310) 551-1470
Telecopier: (310) 286-9359

With copies to: Katten, Muchin & Zavis
525 West Monroe Street
Suite 1600
Chicago, Illinois 60661
Attn: David Bryant
Telephone: (312) 902-5200
Telecopier: (312) 902-1061

Notice given in any other manner will be deemed delivered when actually received by the party to whom the notice is addressed. Any party may change its address by giving the other parties ten (10) days advance written notice of such change.

17.2 Police Power Limitation. Notwithstanding anything to the contrary set forth in the Project Documents with respect to the City's obligations, the City's obligations under the Project Documents shall not be construed to require the City to surrender or waive its police powers or contract away any of its governmental functions in violation of Missouri law. The parties intend the City's obligations under the Project Documents shall be interpreted and construed in light of the inherent limitations placed upon the City as a municipal corporation which requires it to retain such powers and does not permit the City to contract away those powers that are exclusively a legislative prerogative.

17.3 Failure to Perform By the City. The City shall not be deemed to be in default in the performance of any of its obligations under this Lease unless the City's failure to perform such obligation continues for a period of thirty (30) days after written notice to the City specifying the nature of such non-performance, provided that if such failure to perform is of such a nature that it cannot reasonably be cured within such thirty (30) day period, then so long as the City commenced cure efforts within the thirty (30) day period and diligently pursues completion of such cure, the thirty (30) day period will be extended for such period of time as is reasonably necessary to complete such cure. Tenant shall have no right to terminate this Lease for any default or non-performance by the City under this Lease, except by operation of law in the event Tenant becomes owner of fee simple title to all or any part of the Project Site, nor any right to offset.

17.4 No Liability. Tenant shall not assert or seek to enforce any claim for breach of this Lease against any of the assets of the

City other than the City's interest in the Project Site for the satisfaction of any liability or claim against the City under this Lease. Tenant agrees to look solely to such interests for the satisfaction of any liability or claim against the City under this Lease. It is specifically agreed that in no event whatsoever shall the City, or any of its officers, officials, servants or agents, ever be personally liable for any such liability, except, with respect to the City only, as expressly set forth in the first two sentences of this Section.

17.5 Force Majeure. If either Tenant or the City are delayed, hindered in or prevented from the performance of any act required under this Lease by, reason of weather, fire, acts of God, strikes, lock-outs, inability to procure materials, failure of power, riots, insurrection, war, litigation which is being pursued or defended by Tenant, or the failure of another party to this Lease to perform an act required of it which is required in order for the party who was prevented from acting to act and/or other matters beyond the reasonable control of the party who is to act, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

17.6 Certificates. Either party will at any time and without charge, within ten (10) days after written request by the other, certify by written instrument as to: whether this Lease has been supplemented or amended, or if so, in what manner; the validity of this Lease as of the time the request is received; the existence of any Default by either party and any offsets, counterclaims or defenses on the part of the other party; the Commencement and Expiration Dates; and such other matters as might be reasonably requested. Such certification may be delivered to any person specified in the certificate.

17.7 Waiver of Jury Trial and counterclaims. The City and Tenant waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Project Site, any claim of injury or damage or the landlord-tenant relationship between the parties. Tenant expressly waives the right to impose any counterclaims in any action or proceeding in which the City seeks possession of the Project Site and/or the Improvements and Personalty, except solely those counterclaims which but for such imposition would, pursuant to applicable law or rules of court, be forever barred.

17.8 Binding Effect. This Lease will be binding upon the parties and their respective successors and permitted assigns.

17.9 No Joint Venture Or Partnership. Under no circumstances shall the Project Documents or any actions of the parties in

furtherance of the Project Documents be construed to create either a partnership or a joint venture between the City and Tenant, the existence of the same being specifically denied.

17.10 Attorneys Fees. If any party institutes litigation to enforce its rights under or relating to a breach of this Lease, the prevailing party will be entitled to recover from the other party reasonable attorneys' fees and court costs.

17.11 Governing Law. This Lease will be construed and interpreted in accordance with the laws of Missouri, excluding its conflict of law provision.

17.12 Amendments. This Lease together with the Project Documents constitute the complete and exclusive statement of the agreement between the parties with respect to the development of the Riverboat Gaming Project.

17.13 Entire Agreement. The Project Documents supersede all prior written and oral statements, representations, communications of any type, covenants, conditions, warranties and/or presentations with respect to the development of the Riverboat Gaming Project and no representation, statement, communication of any type, condition, warranty or presentation not contained in the Project Documents shall be binding on the parties or have any force or effect whatsoever. This Lease may not be amended or modified except by a written instrument signed by both the City and Tenant.

17.14 Multiple Originals. This Lease may be executed in multiple original counterparts. Each counterpart will be deemed an original, and when the counterparts are taken together, they will be deemed to be one and the same instrument.

17.15 Severability. If any provision of this Lease or its application to any person or circumstances is to any extent held to be invalid, illegal or unenforceable, the remainder of this Lease, or the application of such provision to other persons or circumstances, will not be affected, and each provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

17.16 Interpretation. Where required for proper interpretation, words in the singular will include the plural, and words of any gender will include all genders. The descriptive headings of the articles and sections of this Lease are for convenience only and will not control or affect the meaning or construction of any of the provisions of this Lease.

17.17 Waiver. No waiver by any party of any of its rights or remedies under this Lease will be considered a waiver of any other or subsequent right or remedy. No waiver by any party of any

of its rights or remedies under this Lease will be effective unless evidenced by a written instrument executed by the waiving party.

17.18. Memorandum of Lease. At any time and from time to time, at the request of either party, the parties shall execute, deliver and record, at Tenant's expense, a Memorandum of Lease with respect to this Lease.

EXECUTED as of the date first above written.

"THE CITY"

THE CITY OF BOONVILLE, MISSOURI

[SEAL]

ATTEST:

By: /s/ Bernard Kempf
Bernard Kempf, Mayor

/s/ [ILLEGIBLE]
City Clerk

APPROVED AS TO FORM AND LEGALITY

/s/ [ILLEGIBLE]
City Counselor

"TENANT"

DAVIS GAMING BOONVILLE, INC.

By: /s/ Michael Colleran
Michael Colleran, President

AMENDMENT TO MASTER LEASE
BETWEEN
THE CITY OF BOONVILLE, MISSOURI
AND
DAVIS GAMING BOONVILLE, INC.

THIS AMENDMENT TO MASTER LEASE, is made on April 19th, 1999, by the City of Boonville, Missouri, a Missouri third class city (the "City") and Davis Gaming Boonville, Inc. (f/k/a/ Gold River's Boonville Resort, Inc.) a Nevada Corporation ("Tenant").

The City and Tenant entered into a Master Lease dated July 18, 1997 (the "Master Lease").

Attached to the Master Lease as Exhibit B was the legal description of the Project Site, as that term is defined in the Master Lease, as of the date of the Master Lease. The Master Lease contained a provision providing that "As additional parcels become part of the Project Site, the legal description of such parcels will be added to Exhibit B."

NOW, THEREFORE, for and in consideration of the sum of ten dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Tenant agree as follows:

1. The Master Lease is hereby amended by deleting its attached "Exhibit B" and substituting therefor "Exhibit B" which is attached to this Amendment ("New Exhibit B"). From and after the date of the Amendment, the term "Project Site" as used throughout the Master Lease shall be deemed to mean that property described in the New Exhibit B.

2. Tenant acknowledges that the City's portion of the Project Site described at Paragraph 44 of the New Exhibit B is a leasehold interest arising out of a lease the term of which may expire prior to the expiration of the Master Lease. Accordingly, as to that portion of the Project Site, the term of the Master Lease shall expire contemporaneous with the expiration of the City's leasehold therein.

3. The parties shall execute, deliver and record, at Tenant's expense, an Amended and Restated Memorandum of Lease reflecting the amendments made pursuant to this Amendment to Master Lease.

4. Except as herein provided, the provisions of the Master Lease shall remain unchanged and in full force and effect.

EXECUTED as of the date first above written.

"THE CITY"
THE CITY OF BOONVILLE, MISSOURI

[SEAL]

ATTEST:

By: /s/ Bernard Kempf
Bernard Kempf, Mayor

[ILLEGIBLE]
City Clerk

APPROVED AS TO FORM AND LEGALITY

[ILLEGIBLE]
City Counselor

"TENANT"
DAVIS GAMING BOONVILLE, INC.

By: /s/ Michael Colleran
Michael Colleran, President

STATE OF MISSOURI)
) SS.
COUNTY OF COOPER)

BE IT REMEMBERED that on this 18th day of May, 1999, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared Bernard Kempf, to me personally known who being by me duly sworn did say that he is the Mayor of the City of Boonville, Missouri, a third class city duly existing under and by virtue of the laws of the State of Missouri, and that the seal affixed to

SECOND AMENDMENT TO MASTER LEASE

THIS SECOND AMENDMENT TO MASTER LEASE ("Second Amendment") is made on Sept. 17, 2001, by the City of Boonville, Missouri, a Missouri third class city (the "City"), and IOC – Boonville, Inc., formerly known as Davis Gaming Boonville, Inc., a Nevada corporation ("Tenant").

The City and the Tenant entered into a Master Lease dated , July 18, 1997, which was amended by the amendment to the Master Lease dated April 19, 1999 (the First Amendment and the Master Lease, as amended by the First Amendment, shall be referred to as the "Master Lease").

Attached to the Master Lease as Exhibit B is the legal description of the Project Site, as that term is defined in the Master Lease, as of the date of the Master Lease. The Master Lease contains a provision providing that "As additional parcels become part of the Project Site, the legal description of such parcels will be added to Exhibit B."

The Tenant and the City wish to add certain parcels (legally described on Exhibit A attached hereto) to Exhibit B and the City and the Tenant wish to set forth in this Second Amendment the terms and conditions for adding these parcels.

NOW, THEREFORE, for and in consideration of the sum of ten dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Tenant agree as follows:

1. The land described on Exhibit A is added to the Project Site.

2. The Master Lease is further amended by deleting the attached "Exhibit B" that was provided pursuant to the First Amendment and substituting therefor the Second Revised Exhibit B which is attached to this Amendment ("Second Revised Exhibit B"). From and after the date of the Second Amendment, the term "Project Site" as used throughout the Master Lease shall be deemed to mean that real property described in the Second Revised Exhibit B.

3. The Master Lease is further amended by adding section 16.2.8, which shall state: "The Real Property described in paragraphs 44 and 45 of Exhibit A ("Remediation Sites") has been subject to remediation and, as evidenced by a Certificate of Completion issued by the Missouri Department of Natural Resources ("MDNR") and a letter dated March 20, 2001, from MDNR ("MDNR Documents"), no additional investigation and remedial action is Currently required."

4. The Tenant represents and warrants that, to the best of Tenant's knowledge based upon the MDNR Documents all necessary remediation has been accomplished with respect to the Remediation Sites, that all of the costs of MDNR incurred in the oversight of the remediation (referenced in the letter of MDNR, dated June 21, 2001, to the Tenant) have been paid in full and

that, to the best of Tenant's knowledge based upon the MDNR Documents, no Hazardous Materials (as that term is defined in the Master Lease) are present on the Remediation Sites. The Tenant reaffirms that it will fulfill all of the terms and conditions of the Master Lease with respect to the Remediation Sites including, but not limited to, Section 9.2 of the Master Lease.

5. The parties shall execute, deliver and record, at the Tenant's expense, an Amended and Restated Memorandum of Lease reflecting the amendments made pursuant to this Second Amendment.

6. Except as herein provided, the provisions of the Master Lease shall remain unchanged and in full force and effect.

EXECUTED as of the date first above written.

"THE CITY"

THE CITY OF BOONVILLE, MISSOURI

[SEAL]

ATTEST:

By: /s/ Bernard Kempf
Bernard Kempf, Mayor

[Illegible]
City Clerk

APPROVED AS TO FORM AND LEGALITY

[Illegible]
City Counselor

"TENANT"

IOC – BOONVILLE, INC.

By: /s/ John M. Gallaway
John M. Gallaway, President

THIRD AMENDMENT TO MASTER LEASE

THIS THIRD AMENDMENT TO MASTER LEASE ("Third Amendment") is made as of November 19, 2001, by the City of Boonville, Missouri, a Missouri third class city (the "City"), and IOC – Boonville, Inc., formerly known as Gold River's Boonville Resort, Inc., and Davis Gaming Boonville, Inc., a Nevada corporation ("Tenant").

The City and the Tenant entered into a Master Lease dated July 18, 1997, which was amended by the Amendment to the Master Lease dated April 19, 1999, and which was further amended by the Second Amendment to Master Lease dated September 17, 2001 (the Master Lease, as amended by the First Amendment and the Second Amendment, shall be referred to as the "Master Lease").

Attached to the Master Lease as Exhibit B is the legal description of the "Project Site," as that term is defined in the Master Lease, as of the date of the Master Lease. The Master Lease contains a provision providing that "As additional parcels become part of the Project Site, the legal description of such parcels will be added to Exhibit B."

The Tenant and the City wish to add certain parcels and make other adjustments to the Project Site and thus need to modify Exhibit B to the Master Lease as set forth below.

NOW, THEREFORE, the City and the Tenant agree as follows:

1. The Master Lease is amended by deleting "Exhibit B" and substituting therefor the Third Revised Exhibit B which is attached to this Third Amendment (the "Third Revised Exhibit B"). The term "Project Site" and references to "Exhibit B" as used throughout the Master Lease shall mean that real property described in the Third Revised Exhibit B.

2. The portion of the Project Site that is described in Lease Agreement No. CPR9702 between the City and the Missouri Department of Natural Resources ("MDNR"), dated July 1, 1998, as amended by Amendment No. 1 dated as of November 19, 2001, is owned by MDNR and leased by the City. Therefore, as to that portion of the Project Site, the Master Lease constitutes a sublease with the City as sublandlord and Tenant as subtenant that will terminate upon termination of Lease Agreement No. CPR9702. This paragraph replaces Paragraph 2 of the Amendment to Master Lease, dated April 19, 1999.

3. The parties shall execute, deliver and record, at the Tenant's expense, a Third Amended and Restated Memorandum of Lease reflecting the amendments made pursuant to this Third Amendment.

4. Except as herein provided, the provisions of the Master Lease shall remain unchanged and in full force and effect.

EXECUTED as of the date first above written.

"THE CITY"

[SEAL]

THE CITY OF BOONVILLE, MISSOURI

ATTEST:

By: /s/ Bernard Kempf
Bernard Kempf, Mayor

[ILLEGIBLE]
City Clerk

APPROVED AS TO FORM AND LEGALITY

[ILLEGIBLE]
City Counselor

"TENANT"

IOC – BOONVILLE, INC.

By: /s/ Rexford A. Yeisley
Name: Rexford A. Yeisley
Title: Senior Vice President, CFO, Treasurer

ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lease Agreement)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into this 6th day of June, 2000, by and among (i) HILTON HOTELS CORPORATION, a Delaware corporation, and FLAMINGO HILTON RIVERBOAT CASINO, L.P., a Missouri limited partnership and assignee by assignment from Hilton Hotels Corporation (collectively, "Assignor"), (ii) ISLE OF CAPRI CASINOS, INC., a Delaware corporation ("Assignee"), and (iii) IOC-KANSAS CITY, INC., a Missouri corporation and affiliate of Assignee ("Operating Assignee").

Recitals

A. The Port Authority of Kansas City, Missouri (the "Port Authority") and Hilton Hotels Corporation ("HHC") are parties to an Amended and Restated Lease Agreement dated as of August 21, 1995, as thereafter amended (the "Lease"), a true, correct and complete copy of which is attached as Schedule A hereto.

B. The interest of HHC under the Lease Agreement was assigned (i) pursuant to that certain Lessee's Assignment and Assumption Agreement dated August 9, 1996 by and between HHC and Hilton Kansas City Corporation, a Missouri corporation ("HKCC"), whereby HHC transferred all its right, title, and interest in and to the Lease to HKCC; and (ii) pursuant to that certain Blanket Conveyance, Bill of Sale, and Assignment and Assumption Agreement dated August 9, 1996 by and between HKCC and Flamingo Hilton Riverboat Casino, L.P. ("Flamingo Hilton"), whereby HKCC transferred all its right, title, and interest in and to the Lease to Flamingo Hilton.

C. Assignor now desires to assign and transfer all right, title and interest in the Lease to Assignee, while remaining liable for any and all liabilities and obligations previously accrued or hereafter accruing pursuant to the Lease.

D. Assignee desires to accept such assignment, and thereafter to assign and transfer to Operating Assignee all right, title and interest in the Lease held by Assignee

Agreement

NOW, THEREFORE, in consideration of the above premises, the mutual covenants and agreements stated herein and stated in the Asset Sale Agreement dated as of February 8, 2000, by and among Assignor, as sellers, and Assignee and Operating Assignee, as purchasers (the "Asset Sale Agreement"), as well as other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Effective upon (a) the consummation of the transactions contemplated by the Asset Sale Agreement, (b) the execution of the Consent (as defined below), and (c) the issuance of a license by the Missouri Gaming Commission to Operating Assignee to conduct gaming operations on the property which is subject to the Lease (collectively, the "Closing"), Assignor does hereby irrevocably assign, transfer, sell, deliver and convey unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the Lease,

as of the close of business on the day on which the Closing occurs, free and clear of any lien, charge, claim or encumbrance, except as set forth on Schedule B attached hereto and incorporated herein by this reference. Subject to and upon the occurrence of the Closing, Assignee hereby accepts the assignment of the Lease pursuant to the terms of this Assignment and Assumption Agreement. The parties hereto acknowledge and agree that this Assignment (and Assumption Agreement shall not become effective and shall be of no legal force or effect unless and until the Closing occurs.

2. Assumption of Liabilities.

(a) Assignee hereby assumes responsibility to faithfully and punctually perform, satisfy and discharge all of the duties, obligations, terms, conditions, covenants and liabilities arising or accruing after the date of the Closing that Assignor is otherwise bound to perform, discharge or otherwise satisfy under the Lease, including without limitation, pursuant to Section 18.04 (B) (viii) (b) and (c) of the Lease regarding (i) the use of the "Demised Premises" (as that term is defined in the Lease) in accordance with the restrictions set forth in the Lease and (ii) the payment of "Rent" (as that term is defined in the Lease). Assignor does hereby agree to indemnify, defend and hold Assignee harmless from any loss (including without limitation attorneys' fees and costs), claim or cause of action arising or accruing under or in connection with any of the following: (i) the Lease based upon events, acts or omissions that occurred on or before the date of the Closing; (ii) any future written assignments executed and delivered by and between Assignor and Assignee based upon events, acts or omissions that occurred on or before the date of the Closing; or (iii) the failure of Assignor to perform its obligations under this Assignment and Assumption Agreement. Assignee does hereby agree to indemnify, defend and hold Assignor harmless from any loss (including without limitation attorneys' fees and costs), claim or cause of action arising or accruing under or in connection with any of the following: (i) the Lease based upon events, acts or omissions that occurred after the date of the Closing; (ii) any future written assignments executed and delivered by and between Assignee and Assignor based upon events, acts or omissions that occurred after the date of the Closing; or (iii) the failure of Assignee or Operating Assignee to perform their respective obligations under this Assignment and Assumption Agreement.

(b) Notwithstanding any other provision of this Assignment and Assumption Agreement to the contrary, Assignor shall remain liable to the Port Authority in connection with the performance of all liabilities and obligations under the Lease to the same extent as if this Assignment and Assumption Agreement had not been executed. The foregoing sentence does not, however, in any way relieve (i) Assignee or Operating Assignee from the liabilities and obligations that each owes to Assignor which are set forth in this Assignment and Assumption Agreement or (ii) Assignor from the liabilities and obligations that it owes to Assignee and Operating Assignee which are set forth in this Assignment and Assumption Agreement.

3. Further Assignment to Operating Subsidiary of Assignee.

(a) Subject to the occurrence of the Closing, Assignee does hereby irrevocably assign, transfer, sell, deliver and convey unto Operating Assignee, its successors and assigns, all its right, title and interest in and to the Lease, as of the close of business on the day the Closing occurs, free and clear of any lien, charge, claim or encumbrance, except asset forth on Schedule B attached hereto and incorporated herein by this reference. Subject to and upon the

occurrence of the Closing, Operating Assignee hereby accepts the assignment of the Lease pursuant to the terms of this Assignment and Assumption Agreement.

(b) Assignor hereby acknowledges and consents to the assignment, transfer, sale, delivery and conveyance by Assignee to Operating Assignee of all right, title and interest in the Lease that has been assigned to Assignee pursuant to Section 1 of this Assignment and Assumption Agreement.

(c) Operating Assignee hereby assumes responsibility to faithfully and punctually perform, satisfy and discharge all of the duties, obligations, terms, conditions, covenants and liabilities arising or accruing after the date of the Closing that Assignee is otherwise bound to perform, discharge or otherwise satisfy under the Lease (as a result of the terms and conditions of this Assignment and Assumption Agreement), including without limitation, pursuant to Section 18.04 (B) (viii) (b) and (c) of the Lease regarding (i) the use of the "Demised Premises" (as that term is defined in the Lease) in accordance with the restrictions set forth in the Lease and (ii) the payment of the "Rent" (as that term is defined in the Lease). Assignor does hereby agree to indemnify, defend and hold Operating Assignee harmless from any loss (including without limitation attorneys' fees and costs), claim or cause of action arising or accruing under or in connection with any of the following: (i) the Lease based upon events, acts or omissions that occurred on and before the date of the Closing; (ii) any future written assignments executed and delivered by and between Assignor and Assignee based upon events, acts or omissions that occurred on or before the date of the Closing; or (iii) the failure of Assignor to perform its obligations under this Assignment and Assumption Agreement. Operating Assignee does hereby agree to indemnify, defend and hold Assignor harmless from any loss (including without limitation attorneys' fees and costs), claim or cause of action arising or accruing under or in connection with any of the following: (i) the Lease based upon events, acts or omissions that occurred after the date of the Closing; (ii) any future written assignments by and between Operating Assignee and Assignor based upon events, acts or omissions that occurred after the date of the Closing; or (iii) the failure of Operating Assignee or Assignee to perform their respective obligations under this Assignment and Assumption Agreement.

(d) Notwithstanding any other provision of this Assignment and Assumption Agreement to the contrary, Assignee shall remain liable to the Port Authority and Assignor in connection with the performance of all liabilities and obligations under the Lease to the same extent as if the further assignment pursuant to this Section 3 had not been made. The foregoing sentence does not, however, in any way relieve (i) Assignor from the liabilities and obligations that it owes to Assignee and Operating Assignee which are set forth in this Assignment and Assumption Agreement or (ii) Assignee or Operating Assignee from the liabilities and obligations that each owe to Assignor which are set forth in this Assignment and Assumption Agreement.

4. Representations, Warranties and Covenants of Assignor.

(a) Assignor, as of the date of the Closing, does hereby represent and warrant to Assignee and Operating Assignee as follows:

(i) Assignor has complete and unrestricted power and authority to sell, assign, and transfer all its right, title and interest in the Lease as contemplated by this Assignment and Assumption Agreement, and such sale; assignment and transfer does not and will not require the consent or approval of any third party or government entity, except for the prior written consent of the Port Authority, which written consent is set forth in the Acknowledgment, Consent and Estoppel Certificate (the "Consent") attached hereto as Exhibit 1 and incorporated herein by reference.

(ii) Neither the execution and delivery of this Assignment and Assumption Agreement nor compliance with the terms hereof on the part of Assignor will violate the Articles of Incorporation or Bylaws, or the Certificate of Limited Partnership or Partnership Agreement, as the case may be, of Assignor, breach any governmental law, statute or regulation, or conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Assignor is a party or by which it is or may be bound, or constitute a default thereunder, or result in the creation or imposition of any lien, claim, charge, or encumbrance. Except as set forth in Schedule C attached hereto and incorporated herein by this reference, Assignor has no knowledge of any fact or condition regarding or involving the Demised Premises (as defined in the Lease) or any of Assignor's duties and obligations under the Lease that constitute a violation or breach of any law, statute, ordinance, regulation, order, contract or other agreement including, without limitation, environmental laws and regulations.

(iii) Assignor has all necessary corporate power and authority to enter into this Assignment and Assumption Agreement, and has taken all corporate action necessary to make this Assignment and Assumption Agreement enforceable upon Assignor in accordance with its terms.

(iv) A true, correct and complete copy of the Lease, and all amendments thereto, are attached hereto as Schedule A. The Lease has not been amended or modified, except as set forth on Schedule A attached hereto and incorporated herein by this reference. The Lease, as amended or modified, is in full force and effect and constitutes the legal, valid and binding obligation of all of the parties thereto and is enforceable in accordance with its terms.

(v) Except as set forth in Schedule D attached hereto and incorporated herein by this reference, no event has occurred and no condition exists that, with the giving of notice or the lapse of time or both, could constitute a default by Assignor under the Lease or, to Assignor's best knowledge after due and diligent inquiry, by the Port Authority. Assignor has no present intention to bring an action or otherwise attempt to enforce any alleged nonperformance or breach of

any provision of the Lease Except as set forth in Schedule E attached hereto and incorporated herein by this reference, Assignor has no existing defenses or offsets against the enforcement of the Lease by the Port Authority, and knows of no other parties who are not signatories to the Lease who possess or may assert rights under or in connection with the Lease.

(vi) Except as set forth in Schedule F attached hereto and incorporated herein by this reference, the Lease and the Development Agreement dated as of March 12, 1993 by and between the Port Authority and HHC (the "Development Agreement"), as thereafter amended, are the only agreements, written or oral, entered into between the Port Authority and Assignor.

(b) Assignor covenants and agrees as follows:

(i) Assignor has not and will not assign the whole or any part of its right, title and interest hereby assigned to any person other than Assignee.

(ii) Assignor shall forthwith notify Assignee and Operating Assignee in writing of any default (or any event or occurrence that, but for the giving of notice or the passage of time, or both, would constitute a default) under the Lease of which it has knowledge or any assertion made to Assignor by any other party to the Lease that circumstances have arisen that may pen-nit or result in a breach or the cancellation of the Lease.

5. Representations and Warranties of Assignee.

(a) Assignee, as of the date of the Closing, does hereby represent and warrant to Assignor as follows:

(i) Assignee has complete and unrestricted power and authority to sell, assign, and transfer its right, title and interest in the Lease as contemplated by this Assignment and Assumption Agreement.

(ii) Neither the execution and delivery of this Assignment and Assumption Agreement nor compliance with the terms hereof on the part of Assignee will violate the Articles of Incorporation or Bylaws of Assignee, breach any governmental law, statute or regulation, or conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Assignee is a party or by which it is or may be bound, or constitute a default thereunder, or result in the creation or imposition of any lien, claim, charge or encumbrance.

(iii) Assignee has all necessary corporate power and authority to enter into this Assignment and Assumption Agreement and has taken all corporate action necessary to make this Assignment and Assumption Agreement enforceable upon Assignee in accordance with its terms.

(b) Assignee covenants and agrees that Assignee will not assign the whole or any part of its right, title and interest hereby assigned to any person or entity other than

Operating Assignee, without the prior written consent of the Port Authority and Assignor, which consent shall not be unreasonably withheld. Assignor acknowledges and agrees that, for purposes of this subsection (b) of this Section 5, consent shall be deemed "unreasonably withheld" if the proposed assignee, in the Assignor's reasonable opinion, is financially capable of performing and satisfying in full each of its respective obligations pursuant to the Lease and Assignor withholds its consent.

6. Representations and Warranties of Operating Assignee. Operating Assignee, as of the date of the Closing, does hereby represent and warrant to the Assignor as follows:

(a) Neither the execution and delivery of this Assignment and Assumption Agreement nor compliance with the terms hereof on the part of Operating Assignee will violate the Articles of Organization or Operating Agreement of Operating Assignee, breach any governmental law, statute or regulation, or conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Operating Assignee is a party or by which it is or may be bound, or constitute a default thereunder, or result in the creation or imposition of any lien, claim, charge or encumbrance.

(b) Operating Assignee has all necessary corporate power and authority to enter into this Assignment and Assumption Agreement, and has taken all corporate action necessary to make this Assignment and Assumption Agreement enforceable upon Operating Assignee in accordance with its terms.

7. Further Action.

(a) Assignor, Assignee and Operating Assignee agree that each shall execute and deliver, or cause to be executed and delivered from time to time, such instruments, documents, agreements, consents and assurances and take such other action as the other parties reasonably may require to more effectively assign and transfer to and vest in such parties the rights and assets assigned hereunder. Assignor, Assignee and Operating Assignee agree to promptly remit and send to such parties any and all payments, funds, assets, notices, reports and other documents and information received by each party, its agents or representatives as a direct or indirect result of its rights in, or with respect to, the Lease.

(b) If any right or asset hereby assigned or transferred shall for any reason be nonassignable or not enforceable by Assignee or Operating Assignee, Assignor shall take such action to enforce the same or to obtain the benefits thereof for Assignee and/or Operating Assignee as Assignee or Operating Assignee may reasonably direct, but at the sole expense and risk of Assignee and Operating Assignee, and Assignor will deliver to Operating Assignee any amounts received by it on account of any such claim, right or chose in action after deducting any reasonable expenses incurred by Assignor in taking such action that have not been paid or reimbursed by Assignee or Operating Assignee

8. General.

(a) This Assignment and Assumption Agreement cancels and supersedes all previous agreements (other than the Asset Sale Agreement) relating to the subject matter of this Assignment and Assumption Agreement, written or oral, between the parties hereto and, together with the relevant provisions of the Asset Sale Agreement, contains the entire understanding of

the parties hereto and shall not be amended, modified or supplemented in any manner whatsoever except as otherwise provided herein or in writing signed by each of the parties hereto.

(b) Neither this Assignment and Assumption Agreement, nor any of the rights, duties or obligations of Assignor hereunder, may be assigned either voluntarily or by operation of law or otherwise delegated by Assignor without the prior written consent of the Assignee and Operating Assignee, and any attempted assignment that is not in conformity herewith shall be null and void. This Assignment and Assumption Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns.

(c) This Assignment and Assumption Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one agreement which is binding upon all the parties hereto, notwithstanding that all parties are not signatories to the same counterpart.

(d) Any notice, request, consent or communication under this Assignment and Assumption Agreement shall be effective only if it is in writing and personally delivered or sent by (i) certified mail, postage prepaid, (ii) nationally recognized express delivery service with delivery confirmed or (iii) telexed or telecopies with receipt confirmed, addressed as follows:

If to Assignor:

Name:

Flamingo Hilton Riverboat Casino, L.P.
c/o Hilton Hotels Corporation
9336 Civic Center Drive
Beverly Hills, CA 90210
ATTN: Thomas E. Gallagher
Executive Vice President,
General Counsel and Secretary
FAX: 310-205-7677

With Copy To:

Park Place Entertainment Corp.
3930 Howard Hughes Pkwy.
Las Vegas, NV 89109
ATTN: Clive S. Cummis
Executive Vice President and
General Counsel
FAX: 702-699-5107
and to
Scott LaPorta
Executive Vice President and
Chief Financial Officer
FAX: 702-699-5190

If to Assignee:

Name:

Isle of Capri Casinos, Inc.
2200 Corporate Blvd, N.W., Suite 310
Boca Raton, FL 33431
ATTN: Allan Solomon
Executive Vice President and General Counsel
FAX: 561-995-6665

If to Operating Assignee:

Name:

IOC-KANSAS CITY, INC.
C/o Isle of Capri Casinos, Inc.
2200 Corporate Blvd., N.W., Suite 310
Boca Raton, FL 33431
ATTN: Allan Solomon
Executive Vice President and General Counsel
FAX: 561-995-6665

or such other persons and/or addresses as shall be furnished in writing by any such party, and shall be deemed to have been given as of the date so personally delivered or received.

(e) This Assignment and Assumption Agreement and all rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Missouri applicable to agreements made and to be performed entirely within such State, including all matters of enforcement, validity and performance.

(f) Assignor, Assignee and Operating Assignee acknowledge and agree that the provisions set forth in the Consent pertaining or otherwise applicable to Assignor, Assignee and/or Operating Assignee, as the case may be, are true and correct and will be relied upon by the Port Authority in executing and delivering the Consent, and Assignor, Assignee and Operating Assignee agree to be bound by such applicable provisions of the Consent.

(g) Assignor, Assignee and Operating Assignee acknowledge and agree that the Port Authority shall be a third party beneficiary of this Assignment and Assumption Agreement, and shall have the right to enforce any such terms and conditions hereof in such capacity.

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lease Agreement)

IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

ASSIGNOR:

HILTON HOTELS CORPORATION

By: /s/ Matthew J. Hart
Print Name: Matthew J. Hart
Title: Executive Vice President and
Chief Financial Officer

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lease Agreement)

IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

FLAMINGO HILTON RIVERBOAT
CASINO, L.P.

By: Hilton Kansas City Corp., General Partner

By: /s/ Wallace R. Barr
Print Name: Wallace R. Barr
Title: President and Secretary

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lease Agreement)

IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

ASSIGNEE:

ISLE OF CAPRI CASINOS, INC.

By: /s/ Allan B. Solomon
Print Name: Allan B. Solomon
Title: Exec. Vice President

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lease Agreement)

IN WITNESS WHEREOF, the parties hereto have each caused this Assignment and Assumption Agreement to be duly executed as of the day and year first above written.

OPERATING ASSIGNEE:

IOC-KANSAS CITY, INC.

By: /s/ Allan B. Solomon
Print Name: Allan B. Solomon
Title: Exec. Vice President

LEASE AND AGREEMENT-SPRING 1995
(Lower Lots)

This Lease and Agreement-Spring 1995 Lower Lots (hereinafter "Agreement") is made this 15th day of August, 1995 between the Andrianakos Limited Liability Company, a Colorado Limited Liability Company, the Lessor, and Anchor Coin, Inc. d/b/a Colorado Central Station Casino, Inc., the Lessee.

WHEREAS, the parties hereto are also parties to the following lease, which concerns a portion of property, which is the subject hereof:

> Renewed Vacant Ground Lease for Parking Lot Purposes (Lower Lot), dated August 19, 1994, recorded at Book 568, Page 291, Gilpin County Clerk and Recorder's Office (hereinafter "Lower Lot Lease"); and,

WHEREAS, the Lower Lot Lease has expired, but by action of the parties has become a month to month lease, and the parties mutually wish to revise, restate its terms and enter into this new Agreement, which completely replaces and supersedes the terms, covenants, agreements, and all other elements of the aforesaid Lower Lot Lease in all respects; and,

WHEREAS, the parties also wish to address the lease of additional property, which has not heretofore been the subject of any lease agreement between them.

NOW THEREFORE BE IT AGREED AS FOLLOWS:

A. LEASE

A-1. Property Description. The following described property is the subject of this Agreement (hereinafter collectively "The Property"). The specific description of The Property is set forth on Exhibit A attached hereto and incorporated herein. A map of The Property is attached hereto as Exhibit B. The Property which is the subject of this Agreement may include, by virtue of the Option set forth in paragraph A-6 hereinafter, any land acquired or developed by the Lessor, or its individual members, within Black Hawk, Colorado during the term of this Agreement or any renewal thereof.

A-2. Term and Rental Rates. The Lessee shall have and hold The Property from the date hereof to and until twelve o'clock noon on the date of June 1, 2004, at and for a rental rate beginning One Hundred Eighty (180) days after the date hereof of One Hundred Thousand Three Hundred Forty Dollars ($100,340.00) per month, payable monthly on or before twelve o'clock noon on the first day of each calendar month during said term at the office of the Lessor as set forth below without notice. The foregoing base rental rate may be increased by operation of the provisions of paragraph B-5 hereinafter. Prior to One Hundred Eighty (180) days from the date hereof the rental rate shall be Thirty Thousand Dollars ($30,000.00) per month.

A-3. Renewals. This Agreement may be renewed at Lessee's sole option for up to eighteen (18) additional terms of five (5) years each. Renewal shall be automatic for each term unless Lessee gives its notice of non-renewal not less than six months prior to the end of any term.

A-4. Possible Termination of Renewal Rights. The parties hereto are also parties to that certain Spring 1995 - Amended and Restated Vacant Ground Lease for Parking Lot Purposes and Agreement (Upper Lot) (hereinafter "Upper Lot Lease"), of even date herewith. The Upper Lot Lease itself contains renewal provisions. In order for the Lessee to effect the renewal provisions of this Agreement during the primary term or any automatic renewal of the Upper Lot Lease, the Upper Lot Lease must either, 1) be in effect as of the date of any renewal exercise; or, 2) the Lessee must have at least offered to renew the Upper Lot Lease pursuant to the terms of paragraph A-3 thereof. Notwithstanding the foregoing, if Lessee does not renew or terminates the Upper Lot Lease for reasons beyond its control, including but not limited to the discovery of hazardous substance or acts of God making the property unusable, the Lessee may continue to effect any renewal provisions of this Agreement.

A-5. Rental Rate Indexing. At one year intervals beginning June 1, 1996, the rental rate paid to Lessee will be indexed to correspond to any rise or fall in the cost of living. Any increase or decrease in rental rate will be limited to a three percent (3%) difference from the previous year's rate. The parties agree to use the Consumer Price Index figures for the Denver/Boulder Standard Metropolitan Statistical Area released by the U.S. Department of Commerce, or its successor, most recently preceding the June first of the subject year to determine any change of the cost of living.

A-6. Option. In the event the Andrianakos Limited Liability Company, or its individual members, develops or purchases additional property in Black Hawk, Colorado, which would be suitable for either parking lot or building purposes, they will offer to the Lessee a first option to immediately lease, for the remaining term of this Agreement and any renewals, that property for either parking lot or building purposes. Lessee must exercise any option by Thirty (30) days from the date it is notified by Lessor that any additional property is available. If Lessee does not exercise its option regarding any particular addition parcel of land, said option will be forever lost concerning such particular additional parcel.

A-7. Cancellation. Lessee, at its sole option, shall have the right to cancel this Agreement in the event that; 1) casino style garbing equivalent or greater to that presently allowed is legalized within a Sixty (60) mile radius of the present Black Hawk City Hall; or, 2) the provisions allowing casino style gaming equivalent to that presently allowed are repealed or restricted in any way. Any such cancellation will require Six (6) months notice to Lessor. In the event of such cancellation, Lessee's interest in The Property will be transferred to the Lessor in good operating condition with all obligations paid through the cancellation date, and the Lessor will refund Lessee's deposit.

Moreover, this Agreement will become null and void and of no further effect between the parties.

A-8. Lessee's Possible Construction. It is specifically agreed the Lessee has the right, during the term of this Agreement or any renewal, to place, build, erect and maintain structures upon any portion of The Property. Such structures may include, but are not limited to, gaming casinos. Any and all costs for any and all structures will be the Lessee's. Any and all permits or licenses necessary for any and all structures will be obtained by the Lessee. Any and all construction upon The Property must meet all zoning and building requirements and standards. Lessee agrees that it will not allow any liens or encumbrances to attach to The Property as the result of any construction. Lessee further agrees to allow Lessor access to any construction site for the purpose of Lessor posting notices to that affect. The Lessee acknowledges that upon termination of this Agreement any structures upon The Property will remain with The Property and become property of the Lessor. The Lessor will not be required to pay or compensate Lessee for any structures and Lessee acknowledges and assumes all cost risk associated with construction of any structures upon the leasehold estate which is the subject of this Agreement. Lessee agrees to transfer its interest in any structures upon The Property to Lessor upon termination of this Agreement for any reason. Lessor agrees to accept without any further cost to Lessee, any structures upon The Property transferred upon termination as long as they are in good condition.

A-9. Previous Lease Superseded. The Lower Lot Lease and all other previous agreements between the parties concerning any portion of The Property are entirely replaced and superseded in all respects by this Agreement.

B. ADDITIONAL AGREEMENTS

B-1. Deposits. Both parties acknowledge that a deposit of Twelve Thousand Dollars ($12,000.00) was paid by the Lessee to the Lessor pursuant to the Lower Lot Lease the Lessor will continue to hold this deposit without interest. Upon Lessee's faithful performance of the terms and conditions of this Agreement, and any renewal, the Lessor will return said deposit, without interest, to Lessee upon Lessor's inspection of The Property, all of which must occur within Sixty (60) days of the termination of this Agreement or any renewal.

B-2. Excavation and Wall Construction. Lessee, at its sole cost, agrees to complete, all necessary excavation and installation of necessary retaining walls, as may be needed for Lessee's use of any portion of The Property. The Lessee will be allowed One Hundred Eighty (180) days from the date hereof as a construction period for these activities, during which time the rental rate will be reduced as set forth in paragraph A-2 above. After expiration of the One Hundred Eighty (180) day construction period, the rental rate shall increase as set forth in paragraph A-2 notwithstanding whether the activities have been completed. If after completion of these activities, and due to

reasons beyond the Lessee's control, the full amount of The Property is not available for Lessee's use, the Lessee may reduce the amount of any rent payable by prorating the amount of the land available to that contemplated by the above-stated property description. Land not available because of its use for set back requirements and subjacent support will not reduce the amount of The Property.

B-3. Taxes/Parking Fees. The rent hereinabove set forth for all of The Property is the total rent for the term of this Agreement. Lessor is not entitled to any royalty or any other percentage payments. No additional changes shall be made for Lessor's insurance, taxes or other assessments associated with The Property except those listed in this paragraph. During 1996 Lessee will pay when due one-half of the property taxes assessed upon The Property for the year 1995. Beginning in the year 1997 and thereafter for the term of this Agreement or any renewal, Lessee will pay when due all property taxes assessed upon The Property for the preceding year, including those taxes assessed for any improvements made by Lessee, except for any taxes in any way associated with the cost of any street, sidewalk, curb, gutter, street lighting or drainage improvements done independently or at the behest of the City of Black Hawk. These property tax payments described will continue through those taxes, or proportionate part thereof, assessed for the final year, or proportionate part thereof, of the leasehold. Lessee will also be responsible directly to the City of Black Hawk, for that City's private lot parking fee, if any, during the term of this Agreement. Said fee is currently four dollars ($4.00) per parking space per day.

B-4. Permits and Zoning. Lessor represents and warrants no "Federal 404 Permits" are presently required for use of The Property for surface parking lot purposes. Lessor further represents it is currently processing any City of Black Hawk permits or zoning requests necessary from use of The Property for surface parking lot purposes. Lessee will be responsible for obtaining any other zoning changes or permits needed to use The Property for other purposes. Lessor will provide reasonable cooperation in obtaining any such permits as necessary. If the Lessee is not successful in obtaining only those City of Black Hawk permits and zoning considerations necessary to use The Property for surface parking lot purposes within Sixty (60) days of the date hereof Lessee at its sole discretion may either terminate this Agreement without further costs or accept Lessor's indemnification for any losses suffered by Lessee as a result of not having said permits and zoning considerations.

B-5. Warranties and Title Matters. Lessor warrants and represents that marketable title to The Property and Lessor's right to rent The Property to Lessee is encumbered and restricted by only the following:

1) That portion of The Property composed of land within Lots 1 through 12, are encumbered by certain documents related to a loan to Lessor made by the Bank of Cherry Creek ("Bank"). Those documents (hereinafter collectively "Security Documents") include:

a) A Promissory Note dated March 31, 1995 from the Bank to the Andrianakos Partnership ("A-P'ship");

b) A Deed of Trust dated March 31, 1995 granted by the A-P'ship, recorded at Book 579, Page 22 in the Gilpin County Colorado records;

c) An Assignment of Rents and Leases dated March 31, 1995 from the A-P'ship to the Bank, recorded at Book 579, Page 26 in the Gilpin County Colorado records;

d) A Security Agreement dated March 31, 1995 from the A-P'ship to the Bank; and

e) UCC Financing Statements from the A-P'ship securing the Bank, recorded at reception no. 952025364 of the Colorado Secretary of States office, reception no. 9500037938 of the Denver County, Colorado records, and Book 579, Page 94 of the Gilpin County Colorado records.

2) The need to resolve the following requirements:

a) Deeds or legal proceeding disposing of any interest of Horace Humphrey, Jr., Robinson Reduction Co, William C. Fullerton, and Albert Rogers;

b) Deeds or legal proceedings disposing of the reservations contained in the patents to the City of Black Hawk, recorded May 13, 1874, Book 56, Page 555, and July 21, 1877, Book 62, Page 456;

c) Deeds or legal proceedings disposing of any right of third parties in and to any roadway crossing lots 1-4, Block 50, City of Black Hawk, as shown on land survey plat made by Glenn A. True, recorded in the office of the City Clerk and Recorder of Gilpin County, file no. 5-93-3;

d) Deeds or legal proceedings disposing of the right-of-way across a portion of The Property for the benefit of the Big Spring Mine as reserved in the Deed from Horace Humphrey to Horace Humphrey, Jr., recorded at Book 72, Page 525, and subsequent Deeds; and

e) Deeds or legal proceedings disposing of the right-of-way across a portion of The Property for the benefit of the Running Load Mine,

as reserved in Deed from H.E. Humphrey to William B. Willard recorded Book 112, Page 157, and subsequent Deeds.

3) Lots 5, 6, and 7, Block 50 of The Property are encumbered by mineral rights reservations appearing in deeds from Arthur T. Dollaghan and Rosemary J. Dooley, and Elizabeth L. Callahan recorded at Book 579, Page 19 and 20.

4) The need to resolve the following requirements:

a) Miner's Mesa Road encroaches upon the East Nine (9) to Eleven (11) feet of Lot 12, Block 50, and a small segment of Parcel B described in Exhibit A extending South from its boundary with said Lot 12.

b) Clarification that a One Hundred (100) foot easement across the entire width of the Thomas Kelly mining claim exists pursuant to that certain deed recorded October 2, 1992, Book 532, Page 376, but does not encroach upon The Property.

5) The need to resolve the following requirements:

a) An undefined easement and right-of-way for various purposes exists in favor of Western Diversified Builders, Inc. pursuant to an instrument recorded May 1, 1995 at Book 580, Page 161.

b) Encroachment by a roadway easement in favor of Western Diversified Builders, Inc., pursuant to an instrument recorded October 2, 1992, Book 532, Page 382.

c) Encroachment by a roadway easement in favor of Western Diversified Builders, Inc., pursuant to an instrument recorded January 6, 1995, Book 575, Page 165.

6) Any differences in the description of the common boundary of The Property on the North with Main Street, Black Hawk as set forth in those Boundary Agreements recorded April 4, 1995 at Book 579, Pages 30 and 48.

7) Any encumbrances related to that portion of The Property composed of the Gabriel Spalti mining claim, including but not limited to any claim of ownership by Houston Mining Company.

Regarding subparagraph 1), Lessor and its individual members represent they have no other obligations owed to the Bank except those evidenced by the Security Documents. The Lessor and its individual members further agree they will not request or obtain any further advances from the Bank pursuant to the Security Documents. Lessor also acknowledges it has conveyed to Lessee an assignment of Lessor's rights to cure any of its defaults under the Security Documents, said assignment to be exercised at Lessee's sole discretion. In the event Lessee undertakes any cure, all costs associated with said cure, including but not limited to any money paid to the beneficiary of the Security Documents, may be set off against any rental payment due Lessor under this Agreement.

Regarding the resolution of the requirements set forth in subparagraph 2), Lessor agrees to promptly undertake and make substantial progress toward completion within one year the resolution of these requirements. Lessee at its sole option may either assist Lessor in these undertakings, or take the lead role in their prosecution. If the parties are unable to complete any necessary undertakings within a reasonable period, Lessee at its sole option may cancel this Agreement. In any event, until such time as the requirements have been satisfied, Lessor agrees to indemnify Lessee for any costs Lessee may reasonably incure in any attempt to satisfy these requirements. Any losses Lessor incurs as a result of non-satisfaction of these requirements, may be set off against any rental payment owed Lessee.

Regarding the reservations set forth in subparagraph 3), The Lessee agrees to except these reservations from the overall requirements to deliver marketable unencumbered title.

Regarding the encroachment and easement described in subparagraph 4), the Lessee agrees to except this encroachment and easement from the overall requirements to deliver marketable unencumbered title if Lessee, with Lessor's good faith cooperation, within Sixty (60) days from the date hereof, is successful in obtaining from the City of Black Hawk a waiver or variance from any set back requirements along the Eastern edge of the portion of The Property described in subparagraph 4) a) or other considerations, plus a relinquishment of the City's easement rights concerning portions of The Property. If, despite its best efforts, Lessee is not able to obtain the set back waiver/variance, or other acceptable considerations, then a prorate reduction in the rental rate will occur based upon the proration of The Property needed for any set back requirements to The Property as a whole. Moreover, if despite its best efforts, Lessee is not able to obtain relinquishment of the City's easement, the Lessee, at its sole option may either cancel this Agreement or reduce future rental payments based upon the ratio of the area encumbered bears to the entire area of The Property.

Regarding the undefined easement and right-of-way and encroachments described in subparagraph 5), the Lessee, with Lessor's good faith cooperation, agrees to seek a satisfactory definition and limitation thereof. If, despite Lessee's best efforts, the Lessee

is unsuccessful in obtaining the necessary definition and limitation within Sixty (60) days of the date hereof, the Lessee, at its sole option may either cancel this Agreement or accept Lessor's indemnification for any losses suffered by Lessee as the result of not obtaining the subject definition and restriction.

Regarding the differences in the description of the common boundary of The Property with Main Street described in subparagraph 6), the Lessee, with Lessor's good faith cooperation, will resolve such differences by obtaining from the City of Black Hawk any necessary correction deed. If, despite Lessee's best efforts, the Lessee is unsuccessful in obtaining the necessary correction deed within Sixty (60) days of the date hereof, the parties will jointly determine if the lack thereof affects Lessee's use of The Property under this Agreement. If the parties determine there is an adverse affect suffered by the Lessee, any such adverse affect will be compensated by an appropriate reduction in future rental payments.

Regarding any circumstances described in subparagraph 7), the Lessor, at its sole cost, shall resolve the same to Lessee's good faith satisfaction within sixty (60) days of the date hereof. If the encumbrances are not resolved within said sixty (60) days Lessee may, at its discretion, cancel this Agreement, prorate future rental payments based upon the ratio of The Property so encumbered to The Property described in Exhibit A, or accept Lessor's indemnification for any costs reasonably incurred by Lessee as a result of not resolving the encumbrance.

After conclusion of all undertakings necessary to remove the encumbrances described in subparagraphs 2), 4), 5), 6) and 7), Lessor agrees to thereafter maintain marketable unencumbered title sufficient to allow Lessee's use as herein described, including those possible activities discussed in paragraph A-8 above, throughout the term of this Agreement and any extension thereof. Lessor further agrees to provide Lessee prior to execution of this Agreement an up-to-date title commitment, in the amount of One Million, Two Hundred Thousand Dollars ($1,200,000.00), showing marketable title to The Property in the Andrianakos Limited Liability Company except for the encumbrances listed in subparagraph 1), 2), 3), 4), 5), 6) and 7). As part of the closing associated with the execution of this Agreement Lessor will furnish all requirements specified in said title commitment. Lessor agrees that during the term of this Agreement or any renewal, it may not use The Property for any collateral or security purposes if said use would in any way interfere, encumber, or proport to be superior to Lessee's use and enjoyment of the leasehold which is the subject of this Agreement.

The parties recognize the portion of Lot 1, Block 50 which is West of the Eastern Twenty (20) feet described as part of The Property is the subject of a quiet title action pending in Gilpin County, District Court, which action was initiated by the Lessor. If Lessor, within One (1) year of the date hereof can deliver Lessee marketable unencumbered title to said westerly portion of Lot 1, Lessee at its sole option may agree to add said land to this Agreement. If the said land is added to this Agreement, the

base rental rate set forth in paragraph A-3 herein above will be increased in proportion to the ratio of the size of said westerly portion of Lot 1 bear to The Property as described in Exhibit A.

B-6. CORPS or EPA Permits. Lessor represents and warrants that other than possible request for a drainage easement upon Lot 12 no U.S. Army Corps of Engineers and/or U.S. Environmental Protection Agency permits or permissions are required before The Property may be used as contemplated by this Agreement. However, if other permits or permission are necessary in the future for use of The Property as contemplated by this Agreement, which necessity is not the result of Lessee's actions, it will be the Lessor's responsibility to obtain the same. All rental payments to Lessor will be abated during the time it takes for the Lessor to obtain any such necessary permits or permission. Lessor will retain any causes of action it may have against any third party resulting from such situation.

B-7. Grading and Finishing. The parties recognize that the portion of The Property which was the subject of the Lower Lot Lease is graded and surfaced for use as a parking lot. The parties further acknowledge that the remaining portion of The Property have not been graded for parking lot purposes: Therefore, the Lessee, at Lessee's sole cost, agrees that if it uses The Property for surface parking purposes it will be responsible for excavating the remaining portion of The Property to a five (5%) percent grade. Thereafter, the Lessee, at its sole cost, shall complete the finish grading (finish grading defined as no more than plus or minus one-tenth of a foot), pave and provide necessary drainage facilities, signage, painting, lighting, fencing, parking lot attendant and storage structures as deemed necessary by the Lessee for the remaining portion of The Property. The parties further recognize that the City of Black Hawk or other regulatory agency may require a retaining wall to be built behind the remaining portion of The Property. The construction of any retaining wall or walls will be done by the Lessee at the Lessee's sole cost. Any such finished wall or walls must be approved by any and all regulatory agencies, including the City of Black Hawk and deemed acceptable by the Lessee's insurance company, in the exercise of their good faith discretion.

B-8. Relocation of Historical House. The parties recognize that an old house exists on The Property. This house will be moved to a new site and relocated to other property by the Lessor at its sole cost. Any restoration of the old house itself, if any is done, will be paid by the Lessor. Notwithstanding any movement of the house, the house shall remain the property of Lessor who shall be responsible therefore. If Lessor, for reasons beyond its control, is unable to move the old house off of The Property, and the Lessee requests, the parties agree to renegotiate this Agreement as necessary to aleviate any adverse effects upon the Lessee's use of The Property.

B-9. Hazardous Substances. The Lessor represents it has obtained soil reports showing the absence of contamination upon The Property. Nevertheless, the

parties recognize The Property is located in an area that was the site of mining activities and that other parcels of property in the area have been the subject of EPA Superfund actions or otherwise may be the location of hazardous substances. If any hazardous substances, as such term is defined in § 101(14) of CERCLA, 42 U.S.C. § 96-01(14), are found at any time at The Property, Lessor will be given four (4) months to correct the situation, then if the situation is not corrected, Lessee, at its option, may terminate this Agreement, in whole or in part, and vacate the affected land. If Lessee is unable to use The Property, all rental payments will be abated during any cure period of up to four (4) months. Upon any termination, any improvements made upon the land will remain but the Lessee will be without any further responsibility for any payment of rent or other performance under this Agreement for the pro rata portion of The Property so affected.

B-10. Utilities/Services. Lessee shall be responsible and hold the Lessor harmless for the costs, including installation, of any and all utility services requested by Lessee regarding The Property. This provision includes, without limitation, electricity, telephone, trash removal, water and sanitary sewage, including portable toilet facilities.

B-11. Proof of Liability Insurance. Lessee shall furnish Lessor with proof of Lessee's liability insurance coverage for its operations on The Property at six (6) month intervals. Lessor will also be made an additionally named insured. If Lessee fails to provide a periodic proof of coverage, it will have thirty (30) days from the receipt of such notice from Lessor to provide said proof. The minimum coverage shall be: 1) from the Lessee itself - garagekeepers $250,000.00 and general liability $1,000,000.00 on The Property and any improvements; and, 2) from Lessee's valet service - garage liability $1,000,000.00.

B-12. Compliance with Law. Lessee agrees not to use The Property for any purpose prohibited by the laws of the United States, Colorado or the Ordinances of the City of Black Hawk. Lessee further agrees to keep sidewalks in front of and around The Property, and The Property itself, free from ice and snow, litter, dirt, debris, and other obstructions and to keep them clean and in a sanitary condition as required by applicable laws and regulations.

B-13. Damage to Property. In the event The Property becomes untenable due to damage by flood, earthquake, landslide or acts of God, which acts are not caused by the Lessee, and the Lessor is unable to affect a repair thereof within Three (3) months of the date of any such occurrence, this Agreement may be thereupon terminated, in whole or in part, by the Lessee and the Lessee will have no further responsibility for payment or rent or other performance under this Agreement or affected portion thereof. All rental payments to the Lessor for the affected portion of The Property will be abated during the time it takes Lessor to repair.

B-14. Eminent Domain. In the event The Property, or any part thereof, is acquired by the exercise of the power of eminent domain, or pursuant to an agreement

in lieu of the exercise of the power of eminent domain, the rental and all other obligations and conditions under the Agreement shall be abrogated for that part of the land acquired, but on that part of the land that is not pro rated said rents, obligations and conditions shall remain in force and of full effect. These rents and other obligations and conditions continuing, however, until the occupancy is surrendered to the acquiring party. The Lessee, however, shall be entitled to share in the award or settlement for compensation and damages for the diminished value of that part of the leasehold that was not acquired. The Lessee shall be entitled in said award or settlement to all compensation for any improvements it constructed on The Property. The Lessor shall be entitled in said award or settlement to compensation for the land, both leasehold and remainder, that are acquired or were threatened to be acquired and for the diminished value of that part of the remainder which was not acquired. The parties realize in the event of the threat of or the exercise of the power of eminent domain, it may be necessary to obtain separate appraisals to determine the Lessor's and Lessee's interests, after the value of the parcel as a whole has been determined.

B-15. Access. The Lessor will be permitted reasonable access to The Property for inspection purposes during normal business hours (8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays) except for any access necessitated by an emergency.

B-16. Notices. Any and all notices, demands or other communications required or desired to be given under the provisions of this Agreement shall be given in writing, delivered personally, sent by registered or certified mail return receipt requested postage prepaid, or by telefax addressed as follows:

LESSEE: Anchor Gaming
815 Pilot Road, Suite G
Las Vegas, Nevada 89119
Attention: General Manager, Gaming Operations

Telefax: (702) 896-6221
Telephone: (702) 896-7568

LESSOR: Andrianakos Limited Liability Company
7472 South Odessa Circle
Aurora, Colorado 80016

Telephone: (303) 680-1804

with a copy to:

Andrianakos Limited Liability Company
c/o 1790 30th Street, Suite 305
Boulder, Colorado 80301
Attention: Dennis L. Blewitt, Esq.

Telefax: (303) 444-6349
Telephone: (303) 449-8772

or such other address as either party may designate from time to time by written notice to the other party. Notice shall be effective upon transmission.

B-17. Waiver of Breach. The waiver of any breach of any of the provisions of this Agreement by either party shall not constitute a continuing waiver of any subsequent breach of said party of either the same or any other provision of this Agreement.

B-18. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and neither the Lessee nor the Lessor have relied on any other fact or representation not expressly set forth herein.

B-19. Paragraphs Interrelated. Each paragraph of this Agreement is interrelated to the other paragraphs and is not severable except by mutual consent of the parties.

B-20. Modifications. This Agreement may be modified, amended, or changed in whole or in part only by an agreement in writing, duly authorized and executed by both the Lessee and Lessor with the same formality as this Agreement.

B-21. Binding on Successors. The terms and conditions of this Agreement will be binding and obligatory upon the heirs, successors and assigns of either party. Upon assignment to a qualified assignee the assignor will be released from any further obligations under this Agreement.

B-22. Recordation. Following the execution of this Agreement, the Lessee may cause it, or a memorandum thereof, to be recorded in the Gilpin County Clerk and Recorder's Office in Central City, Colorado.

B-23. Governing Law. This Agreement and its application shall be construed in accordance with the laws of the State of Colorado.

B-24. Headings for Convenience Only. Paragraph headings and titles contained herein are intended for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.

B-25. Arbitration. The parties agree to resolve any disputes arising out of this Agreement through binding arbitration.

B-26. Attorneys' Fees. In the event of any arbitration or litigation arising out of this Agreement, the party prevailing shall be entitled, in addition to other damages or costs, to receive attorneys' fees from the other party.

B-27. Sublease. The Lessee may sublease The Property for any purposes with the permission of the Lessor, which permission shall not be unreasonably withheld, especially if the proposed sublease is for parking lot purposes or for continuation of the purposes associated with any structure constructed or maintained upon The Property.

B-28. Agreement Not to Compete. For the term of this Agreement and any renewal thereof, the Lessor, and its members individually, except for Dennis L. Blewitt, agree they will not in any way operate or participate to a significant degree in the management of any competing gaming casino which casino is located within the City of Black Hawk, Colorado.

B-29. Lessee's Financial Statement. Lessee agrees it will provide, upon Lessor's request, but no more frequently than annually, a copy of its financial statement and any 8-K, 10-K or 10-Q reports.

LESSEE	LESSOR
ANCHOR COIN, INC., D/B/A COLORADO CENTRAL STATION CASINO, INC.	ANDRIANAKOS LIMITED LIABILITY COMPANY
By: /s/ Stanley E. Fulton Stanley E. Fulton, Chief Executive Officer	By: /s/ Ioannis Andrianakos Ioannis Andrianakos, Managing Member

ADDENDUM
TO
LEASE AND AGREEMENT-SPRING 1995
(LOWER LOTS)

This Addendum to Lease Agreement-Spring 1995 Lower Lots hereinafter ("Addendum") is made this 4th day of April, 1996 between the Andrianakos Limited Liability Company, a Colorado limited liability company, the Lessor, and Anchor Coin, Inc., d/b/a Colorado Central Station Casino, Inc., the Lessee.

WHEREAS, the parties hereto are also parties to that certain Lease and Agreement-Spring 1995 (Lower Lots) dated August 15, 1995, recorded at Book 590, Page 086, Gilpin County Clerk and Recorder's office hereinafter ("Lease"); and,

WHEREAS, the parties wish to modify certain terms of the Lease concerning specific portions of the property hereinafter described and the parties further wish to add additional property to the leasehold of the Lessee as more thoroughly described hereinafter.

NOW THEREFORE, be it agreed as follows:

1. Property Identification.

The following described properties are the subject of this Addendum.

1.1. Balance Lot 1, Block 50. The Lease included the Easterly 20 feet of Lot 1, Block 50, City of Black Hawk. The remaining portion of Lot 1, Block 50 was not part of the Lease because of a competing claim of ownership made by other parties at the time of the execution of the Lease. Lessor has now resolved those completing claims. Lessor owns and has marketable title to all of Lot 1, Block 50. Accordingly, the balance of Lot 1, Block 50 not leased to Lessee under the Lease (hereinafter "Balance Lot 1, Block 50") which is more thoroughly described in Exhibit A attached hereto, is the subject of this Addendum.

1.2. Gabriel Spalti Portion. Lessee pursuant to certain leases executed in 1993 and 1994 purported to lease to Lessor a portion of the Gabriel Spalti Tract Mining Claim, (hereinafter "Gabriel Spalti Portion") which the property is more thorough described in Exhibit A attached hereto. Additionally, Subparagraph B-5. 7) of the Lease referenced that the Gabriel Spalti Portion might be a part of the property addressed in the Lease. Nevertheless, it was later determined the Lessor did not have title to the Gabriel Spalti Portion. Lessor did make a payment of $50,000.00 to the then owner of the Gabriel Spalti Portion. Subsequently, Lessee recently obtained title to the Gabriel Spalti Portion and such property is addressed in this Addendum.

1.3. Lot 15, Block 49. Lessor may have recently acquired Lot 15, Block 49, City of Black Hawk hereinafter ("Lot 15, Block 49"), which is more thoroughly described in Exhibit A attached hereto. To the extent that it exists Lot 15, Block 49 is West of and immediately adjacent to Balance Lot 1, Block 50. This property is also the subject of this Addendum.

2. Disclaimer and Quit Claim

Lessor disclaims, in favor of Lessee any and all interest in the Gabriel Spalti Portion. Lessor has remised, released, sold, conveyed and Quit Claimed, and by these presents does remise, release, sell, convey and Quit Claim unto Lessee; it successors and assigns forever, all right, title, interest, claim and demand which the Lessor has in and to the Gabriel Spalti Portion, together with improvements, if any, situate, lying and being in the County of Gilpin, State of Colorado as described in Exhibit A. By its signature hereto Lessor acknowledges Lessee as owner to have and to hold the Gabriel Spalti Portion together with all and singular the appurtenances and privileges thereunto belonging, or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever, of the Lessor, either in law or equity, to the only proper use, benefit and behoof of the Lessee, its successors and assigns forever.

3. Lease of Balance Lot 1, Block 50.

The Lease at paragraph B-5 gave the Lessee the option to add the Balance Lot 1, Block 50 to its leasehold provided the Lessor obtained marketable title thereto within one year of the date of the execution of the Lease. The Lessor has obtained such marketable title. Accordingly, the parties agree to add Balance of Lot 1, Block 50 to the leasehold estate conveyed to the Lessee under the Lease. The parties further agree Balance Lot 1, Block 50 contains approximately 2,765 square feet and that per the Lease the base rent to be paid, exclusive of any rental rate indexing, will increase to $104,500.00 per month.

4. Addition of Lot 15, Block 49.

To the extent that it exists, and to the extent Lessor has title thereto, Lot 15, Block 49 is added to the leasehold estate conveyed to the Lessee under the Lease. The parties further agree there shall be no change in the rental rate to the Lease as a result of this addition.

5. Adequate Consideration.

The parties hereto each agree and acknowledge their mutual promises and covenants as herein set forth are adequate and sufficient consideration for the execution of this Addendum.

6. Lease Provisions Remain.

Except as specifically modified in this Addendum, all other terms, conditions covenants and promises of the Lease remain in full force and effect, and will further control the operation and interpretation of both the Lease and this Addendum.

7. Term, Renewal and Cancellations.

The term, renewal and cancellation provisions of the Lease apply to the property added by this Addendum to the leasehold estate conveyed to the Lessee under this Lease.

8. Warranty and Title.

8.1 Marketable Title. Lessor warrants and represents that it has unencumbered marketable title to Balance Lot 1, Block 50 which property is added to the leasehold estate of the Lessee except the following: A) the encumbrances listed in subparagraph B-5. 1) of the Lease relating to Lessor's loan from the Bank of Cherry Creek; and, B) Deed of Trust recorded in Gilpin County, Book 586, Page 168 ("Deed of Trust") in favor of Thomas W. Woodall and Sandra R. Woodall ("Woodalls"); however, as set forth in that certain Settlement Agreement dated August 18, 1995 between Lessor and Woodalls which Settlement Agreement is attached to and made part of that certain Stipulated Motion to Dismiss in District Court, Gilpin County, Case No. 94-CV-86, and in the Deed of Trust itself, Lessor further warrants the Woodalls' Deed of Trust is subordinate to the Lease and this Addendum. Lessor acknowledges its agreements in the Lease not to request or obtain any further advances from the Bank of Cherry Creek secured by the property which is the subject of the Lease and not to use the property which is the subject of the Lease for any collateral or security purposes if said use would interfere, encumber or purport to be superior to Lessee's use and enjoyment of the leasehold also applies to all of the property which is the subject of this Addendum. Lessor further acknowledges Lessee's option right to cure any default of Lessor concerning the aforementioned obligations, and right to set off the costs of any such cure, also apply fully to the property which is the subject of this Addendum.

8.2 Title Insurance Policies. Lessor agrees that it will provide to Lessee, at Lessor's sole cost, within 30 days of the execution of this Addendum a title insurance policy evincing said marketable title to the Balance Lot 1, Block 50.

LESSEE

ANCHOR COIN, INC., D/B/A
COLORADO CENTRAL STATION
CASINO, INC.

By: /s/ Stanley E. Fulton
Stanley E. Fulton,
Chief Executive Officer

LESSOR

ANDRIANAKOS LIMITED LIABILITY
COMPANY

By: /s/ Ioannis Andrianakos
Ioannis Andrianakos,
Managing Member

STATE OF COLORADO)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 3rd day of April, 1996, by Ioannis Andrianakos, Managing Member on behalf of the Andrianakos Limited Liability Company, Lessor.

Witness my hand and official seal.

/s/ [ILLEGIBLE]
Notary Public

My commission expires: September 7, 1999

(SEAL)

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

The foregoing instrument was acknowledged before me this 4th day of April 1996, by Stanley E. Fulton, Chief Executive Officer, on behalf of Anchor Coin, Inc., d/b/a Colorado Central Station Casino, Inc., Lessee.

Witness my hand and official seal.

/s/ SUSAN A. DELZER
Notary Public

My commission expires: January 17, 1997

SUSAN A. DELZER
Notary Public - State of Nevada
Appointment Recorded In Clark County
My Appointment Expires [ILLEGIBLE]

(SEAL)

SECOND ADDENDUM TO LEASE AND AGREEMENT - SPRING 1995
(LOWER LOTS)

This Second Addendum to Lease and Agreement – Spring 1995 (Lower Lots) (hereinafter referred to as "Second Addendum") is made effective the 21st day of March, 2003 between Andrianakos Limited Liability Company, a Colorado limited liability company, the "Lessor", and CCSC/Blackhawk, Inc. d/b/a Colorado Central Station Casino, the "Lessee".

RECITALS:

WHEREAS, Andrianakos Limited Liability Company and Anchor Coin d/b/a Colorado Central Station Casino entered into that certain Lease and Agreement Spring – 1995 (Lower Lots) dated August 15, 1995, as amended by Addendum to Lease and Agreement – Spring 1995 (Lower Lots) dated April 4, 1996 (hereinafter collectively referred to as the "Lease");

WHEREAS, Anchor Coin d/b/a Colorado Central Station Casino assigned the Lease to CCSC/Blackhawk, Inc. effective January 1, 2002.

WHEREAS, pursuant to Section A-6 of the Lease, Lessor provided notice of the purchase of land suitable for parking lot or building purposes consisting of all of Lot 14 except the Westerly 14 feet of said Lot, Block 49, City of Black Hawk, Colorado (hereinafter referred to as the "Black Hawk Real Property");

WHEREAS, pursuant to Section A-6 of the Lease, Lessee exercised its option to lease the Black Hawk Real Property;

NOW THEREFORE, be it agreed as follows:

1. The Black Hawk Real Property is hereby added to the Property subject to the Lease.

2. The parties agree that this Addendum shall be supplemented with the new legal description for the Black Hawk Real Property subsequent to the re-plat.

3. Lessee shall pay additional rent in the amount of $6,954.84 per month for the addition of the Black Hawk Real Property commencing April 1, 2003. Lessee shall pay additional rent in the amount of $4,573.05 representing the prorated additional rent for the month of March 2003.

4. This Addendum may be executed in counterparts. Except as modified herein, all other terms and conditions of the Lease shall remain in full force and effect.

[ILLEGIBLE]

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized officers as of the date on page one.

LESSEE	**LESSOR**
CCSC/Blackhawk, Inc. d/b/a Colorado Central Station Casino	Andrianakos Limited Liability Company
By: /s/ Joseph Murphy Joseph Murphy, Treasurer/Secretary	By: /s/ Ioannis Andrianakos Ioannis Andrianakos, Managing Member

THIRD ADDENDUM TO LEASE AND AGREEMENT - SPRING 1995
(LOWER LOTS)

This Third Addendum to Lease and Agreement – Spring 1995 (Lower Lots) (hereinafter referred to as this "Third Addendum") is made effective the 22nd day of April, 2003, between Andrianakos Limited Liability Company, a Colorado limited liability company, the "Lessor," and Isle of Capri Black Hawk, L.L.C., a Colorado limited liability company, the "Lessee."

RECITALS:

WHEREAS, Andrianakos Limited Liability Company and Anchor Coin d/b/a Colorado Central Station Casino entered into that certain Lease and Agreement – Spring 1995 (Lower Lots) dated August 15, 1995, as amended by Addendum to Lease and Agreement – Spring 1995 (Lower Lots) dated April 4, 1996, and by Second Addendum to Lease and Agreement – Spring 1995 (Lower Lots) effective as of March 21, 2003 (hereinafter collectively referred to as the "Lower Lot Lease");

WHEREAS, Andrianakos Limited Liability Company and Anchor Coin d/b/a Colorado Central Station Casino entered into that certain Spring 1995 – Amended and Restated Vacant Ground Lease For Parking Lot Purposes and Agreement (Upper Lot) dated August 15, 1995 and Lease Addendum dated May 1, 2000 (hereinafter referred to as the "Upper Lot Lease");

WHEREAS, Anchor Coin d/b/a Colorado Central Station Casino assigned the Upper Lot Lease to CCSC/Blackhawk, Inc. effective January 1, 2002 and CCSC/Blackhawk, Inc. d/b/a Colorado Central Station Casino and Andrianakos Limited Liability Company further amended the Upper Lot Lease by a Second Addendum to Spring 1995 – Amended and Restated Vacant Ground Lease for Parking Lot Purposes and Agreement (Upper Lot) dated effective April 22, 2003;

WHEREAS, Anchor Coin d/b/a Colorado Central Station Casino assigned the Lease to CCSC/Blackhawk, Inc. effective January 1, 2002;

WHEREAS, CCSC/Blackhawk, Inc., assigned the Lower Lot Lease and the Upper Lot Lease and conveyed the real property described on Schedule 1 (the "Isle Real Property") to Isle of Capri Black Hawk, L.L.C. immediately prior to the effectiveness of this Third Addendum;

WHEREAS, the parties desire to add additional real property, including but not limited to, the Isle Real Property, to the Property, as such term is defined in the Lower Lot Lease (hereinafter referred to as the "Lower Lot Property"), and to clarify the exact legal description of the property leased under the Lower Lot Lease; and

WHEREAS, the parties desire to otherwise amend and supplement the Lower Lot Lease as set forth herein.

NOW THEREFORE, be it agreed as follows:

AGREEMENT:

1. Contemporaneous with the effective date of this Third Addendum, the Lessee shall execute a Special Warranty Deed conveying the Isle Real Property to Lessor free and clear of any liens or encumbrances except for easements, restrictions and covenants of record and shall deliver such deed to Lessor.

2. Notwithstanding any contrary provision of the Lower Lot Lease or any amendments thereto, the parties agree that the Lower Lot Property, as the term "Property" is defined in the Lower Lot Lease (and which shall mean and refer to the property demised under the Lower Lot Lease as the "Lower Lot Property"), shall be the real property described on the attached Exhibit A, which is incorporated herein by this reference. All previous definitions of the Property, as used in the Lower Lot Lease, are hereby deleted.

3. The parties acknowledge that the total monthly rent under the Lower Lot Lease from and after April 1, 2003 (after adjustment in accordance with this paragraph) is equal to $135,351.84, subject to future adjustment pursuant to Paragraph A-5 of the Lower Lot Lease.

4. Lessor acknowledges that persons who lease property to entities involved in gambling, such as Lessee, are subject to the Colorado Limited Gaming Act, C.R.S. §§ 12-47.1-101 et seq., as amended from time to time, and the regulations promulgated thereunder (collectively, the "Gaming Laws"), by the Colorado Limited Gaming Control Commission (the "Gaming Commission") and the Colorado Division of Gaming (the "Division") (the Gaming Commission and Division hereinafter collectively are referred to as the "Gaming Authorities"). Lessor acknowledges that Lessor and persons associated with Lessor may be required by the Gaming Authorities to submit financial, personal or other information to the Gaming Authorities and/or file application(s) for a determination of suitability, and if so required, Lessor agrees to submit, or cause to be submitted, such information and/or application(s), undergo such investigation(s), and pay the cost of any such investigation(s). Lessor agrees to use reasonable efforts comply with the applicable provisions of the Gaming Laws and any applicable orders of the Gaming Authorities.

5. If at any time Lessee is required by the Director of the Division by final non-appealable order (provided that an appeal need not be prosecuted beyond the Gaming Commission in order to be considered final non-appealable), or by the Gaming Commission, to terminate the Lower Lot Lease or to terminate the use of any of the Real Property, as hereafter defined, because of Lessor or any person associated with Lessor (a "Licensing Problem"), then, in addition to any other rights set forth in this Lease, Lessee shall have the right to purchase the Lower Lot Property and the Upper Lot Property as is defined in the Upper Lot Lease (the "Upper Lot Property") (the "Lower Lot Property" and the "Upper Lot Property" collectively referred to as the "Real Property") from Lessor for a price equal to the Stream of Revenue Value, as defined in Paragraph 6 below. The closing of the purchase of the Real Property (the "Closing") shall occur on the date designated by Lessee, but no sooner than fifteen (15) days and no later than

one hundred and twenty (120) after Lessee gives written notice of its election to purchase the Real Property as a result of a Licensing Problem. Pending the Closing, Lessee shall continue to make all rental and other payments required by the Leases in a timely manner, unless prohibited from doing so by the Gaming Commission or the Director as a result of the Licensing Problem. At the Closing Lessor shall deliver a special warranty deed for the Property, subject only to (a) those items affecting the Real Property as of the date hereof, (b) real estate taxes and assessments, and (c) such other items as may be hereafter consented to by Lessee. In no event shall the Real Property be transferred subject to any monetary liens imposed on the Real Property by Lessor. At the Closing Lessee shall pay the purchase price to Lessor in cash or certified funds. If requested by Lessor, Lessee shall cooperate with Lessor (at no cost or liability to Lessee) in a 1031 exchange of real property utilizing the Real Property, but in no event shall Lessee be obligated to delay the purchase of the Real Property. The provisions of this paragraph and Paragraph 4 may be enforced by an action for specific performance, or any other remedies available at law or in equity. It is hereby agreed and acknowledged that the Lower Lot Property may not be purchased by Lessee without Lessee also purchasing the Upper Lot Property

6. The "Stream of Revenue Value" of the Real Property is defined as the previous twelve (12) months aggregate of gross rental income from the date Lessee gives written notice of its election to purchase the Real Property payable to Lessor under the Lower Lot Lease and the Upper Lot Lease divided by a number equal to the prime interest rate published by the *Wall Street Journal* on the date of the election to purchase the Real Property by Lessee, plus 2 points, but in no event less than 7% or more than 9%. For illustration purposes only, if the aggregate gross rental for the previous 12 months equals $2,000,000 and the prime rate equals 6%, the Stream of Revenue Value would equal $2,000,000 divided by 8% (prime rate plus 2) for a total of $25,000,000.

7. Lessor hereby consents to the assignment of the Lease to Lessee (without acknowledging that such consent is required), it being understood that such assignment will not relieve CCSC/Blackhawk, Inc. of any obligations under the Lease.

8. As modified herein, all other terms and conditions of the Lease shall remain in full force and effect, and the Lease is hereby ratified and confirmed. This Addendum may be executed in counterparts.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized officers as of the date on page one.

LESSEE	LESSOR
Isle of Capri Black Hawk, LLC	Andrianakos Limited Liability Company
By: /s/ Allan B. Soloman Title: Allan B. Soloman Executive Vice President	By: /s/ Ioannis Andrianakos Ioannis Andrianakos, Manager

Exhibit 12.1

Computation of Ratios of Earnings to Fixed Charges
(dollars in millions)

	April 27, 2008	April 29, 2007	April 30, 2006	April 24, 2005	April 25, 2004
Income (loss) from continuing operations before income taxes and minority interest	$ (156.8)	$ (15.9)	$ 20.7	$ 34.3	$ 49.8
Fixed charges	125.2	112.4	92.9	80.7	83.6
Less capitalized interest	(3.3)	(9.5)	(4.6)	(3.2)	(1.5)
Earnings (loss)	$ (34.9)	$ 87.0	$ 109.0	$ 111.8	$ 131.9
Interest expense	$ 109.3	$ 89.2	$ 76.3	$ 65.0	$ 69.8
Capitalized interest	3.3	9.5	4.6	3.2	1.5
Interest portion of rental expense	12.6	13.7	12.0	12.5	12.3
Total fixed charges	$ 125.2	$ 112.4	$ 92.9	$ 80.7	$ 83.6
Ration of earnings to fixed charges	N/M	1.3x	0.9x	0.7x	0.6x

Exhibit 21.1

SIGNIFICANT SUBSIDIARIES OF ISLE OF CAPRI CASINOS, INC.

	STATE OF INCORPORATION
WHOLLY-OWNED SUBSIDIARIES	
Black Hawk Holdings, L.L.C.	Colorado
Capri Air, Inc.	Mississippi
Capri Insurance Corporation	Hawaii
Casino America of Colorado, Inc.	Colorado
CCSC Blackhawk, Inc.	Colorado
Grand Palais Riverboat, Inc.	Louisiana
IC Holdings Colorado, Inc.	Colorado
IOC-Boonville, Inc.	Nevada
IOC-Davenport, Inc.	Iowa
IOC-Kansas City, Inc.	Missouri
IOC-Lula, Inc.	Mississippi
IOC-Natchez	Mississippi
IOC Black Hawk County, Inc.	Iowa
IOC Holdings, L.L.C.	Louisiana
IOC Pittsburgh, Inc.	Pennsylvania
IOC Services, L.L.C.	Delaware
Isle of Capri Bettendorf, L.C.	Iowa
Isle of Capri Black Hawk, L.L.C.	Colorado
Isle of Capri Marquette, Inc.	Iowa
PPI, Inc	Florida
Riverboat Corporation of Mississippi	Mississippi
St. Charles Gaming Company, Inc.	Louisiana
The Isle Casinos Limited	United Kingdom
PARTIALLY-OWNED SUBSIDIARIES	
Blue Clip Casinos, Ltd.	United Kingdom

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 33-61752, 33-80918, 33-86940, 33-93088, 333-50774, 333-50776, 333-77233, 333-111498, 333-123233, and 333-123234), on Form S-4 (File No. 333-115419), and on Form S-3 (File No. 333-115810) of Isle of Capri Casinos, Inc. of our reports dated July 10, 2008, with respect to the consolidated financial statements and schedule of Isle of Capri Casinos, Inc., and the effectiveness of internal control over financial reporting of Isle of Capri Casinos, Inc. included in this Annual Report (Form 10-K) for the fiscal year ended April 27, 2008.

/s/ ERNST & YOUNG LLP

St. Louis, Missouri
July 10, 2008

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that the undersigned Directors of **Isle of Capri Casinos, Inc.**, a Delaware corporation, which is about to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934 its Annual Report Form 10K for its fiscal year ended April 27, 2008, hereby constitutes and James B. Perry and Dale R. Black, and each of them, his true and lawful attorneys-in-fact and agents, with full power to act without the other, to sign such Annual Report and to file such Annual Report and the exhibits thereto and any and all other documents and amendments in connection therewith with the Securities and Exchange Commission and any national exchange or self regulatory agency and to do and perform any and all acts and things requisite and necessary to be done in connection with the foregoing as fully as he might or could do in person hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: July 7, 2008

/s/ W. Randolph Baker
W. Randolph Baker, Director

/s/ John Brackenbury
John Brackenbury, Director

/s/ Alan Glazer
Alan Glazer, Director

/s/ Bernard Goldstein
Bernard Goldstein, Director

/s/ Jeffrey D. Goldstein
Jeffrey D. Goldstein, Director

/s/ Robert S. Goldstein
Robert S. Goldstein, Director

/s/ Shaun R. Hayes
Shaun R. Hayes, Director

/s/ Lee Wielansky
Lee Wielansky, Director

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, James B. Perry, Chief Executive Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 11, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Dale R. Black, Chief Financial Officer of Isle of Capri Casinos, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Isle of Capri Casinos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 11, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-K for the period ended April 29, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, James B. Perry, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: July 11, 2008

/s/ James B. Perry
James B. Perry
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Isle of Capri Casinos, Inc. (the "Company") on Form 10-K for the period ended April 29, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I, Dale R. Black, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: July 11, 2008

/s/ Dale R. Black
Dale R. Black
Chief Financial Officer

DESCRIPTION OF GOVERNMENT REGULATIONS

The ownership and operation of casino gaming facilities are subject to extensive state and local regulations. We are required to obtain and maintain gaming licenses in each of the jurisdictions in which we conduct gaming. The limitation, conditioning or suspension of gaming licenses could (and the revocation or non-renewal of gaming licenses, or the failure to reauthorize gaming in certain jurisdictions, would) materially adversely affect our operation in that jurisdiction. In addition, changes in law that restrict or prohibit our gaming operations in any jurisdiction could have a material adverse effect on us.

Louisiana

In July 1991, Louisiana enacted legislation permitting certain types of gaming activity on certain rivers and waterways in Louisiana. The legislation granted authority to supervise riverboat gaming activities to the Louisiana Riverboat Gaming Commission and the Riverboat Gaming Enforcement Division of the Louisiana State Police. The Louisiana Riverboat Gaming Commission was authorized to hear and determine all appeals relative to the granting, suspension, revocation, condition or renewal of all licenses, permits and applications. In addition, the Louisiana Riverboat Gaming Commission established regulations concerning authorized routes, duration of excursions, minimum levels of insurance, construction of riverboats and periodic inspections. The Riverboat Gaming Enforcement Division of the Louisiana State Police was authorized to investigate applicants and issue licenses, investigate violations of the statute and conduct continuing reviews of gaming activities.

In May 1996, regulatory oversight of riverboat gaming was transferred to the Louisiana Gaming Control Board, which is comprised of nine voting members appointed by the governor. The Louisiana Gaming Control Board now oversees all licensing matters for riverboat casinos, land-based casinos, racinos, video poker and certain aspects of Native American gaming other than those responsibilities reserved to the Louisiana State Police.

The Louisiana Gaming Control Board is empowered to issue up to 15 licenses to conduct gaming activities on a riverboat in accordance with applicable law. However, no more than six licenses may be granted to riverboats operating from any one designated waterway.

The Louisiana State Police continues to be involved broadly in gaming enforcement and reports to the Louisiana Gaming Control Board. Louisiana law permits the Louisiana State Police, among other things, to continue to (1) conduct suitability investigations, (2) audit, investigate and enforce compliance with standing regulations, (3) initiate enforcement and administrative actions and (4) perform "all other duties and functions necessary for the efficient, efficacious, and thorough regulation and control of gaming activities and operations" under the Louisiana Gaming Control Board's jurisdiction.

Louisiana gaming law specifies certain restrictions relating to the operation of riverboat gaming, including the following:

- agents of the Louisiana State Police are permitted on board at any time during gaming operations;
- gaming devices, equipment and supplies may only be purchased or leased from permitted suppliers and, with respect to gaming equipment, from permitted manufacturers;
- gaming may only take place in the designated gaming area while the riverboat is docked on a designated river or waterway;
- gaming equipment may not be possessed, maintained or exhibited by any person on a riverboat except in the specifically designated gaming area or in a secure area used for inspection, repair or storage of such equipment;
- wagers may be received only from a person present on a licensed riverboat;
- persons under 21 are not permitted in designated gaming areas;
- except for slot machine play, wagers may be made only with tokens, chips or electronic cards purchased from the licensee aboard a riverboat;
- licensees may only use docking facilities and routes for which they are licensed and may only board and discharge passengers at the riverboat's licensed berth;

- licensees must have adequate protection and indemnity insurance;
- licensees must have all necessary federal and state licenses, certificates and other regulatory approvals prior to operating a riverboat; and
- gaming may only be conducted in accordance with the terms of the license and Louisiana law.

To receive a gaming license in Louisiana, an applicant must be found to be a person of good character, honesty and integrity and a person whose prior activities, criminal record, if any, reputation, habits and associations do not (1) pose a threat to the public interest of the State of Louisiana or to the effective regulation and control of gaming or (2) create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or the carrying on of business and financial arrangements of gaming activities. In addition, the Louisiana Gaming Control Board will not grant a license unless it finds that, among other things:

- the applicant can demonstrate the capability, either through training, education, business experience or a combination of the preceding, to operate a gaming operation;
- the proposed financing of the riverboat and the gaming operations is adequate for the nature of the proposed operation and is from a suitable and acceptable source;
- the applicant demonstrates a proven ability to operate a vessel of comparable size, capacity and complexity to a riverboat so as to ensure the safety of its passengers;
- the applicant submits with its application for a license a detailed plan of design of the riverboat;
- the applicant designates the docking facilities to be used by the riverboat;
- the applicant shows adequate financial ability to construct and maintain a riverboat; and
- the applicant has a good faith plan to recruit, train and upgrade minorities in all employment classifications.

An initial license to conduct riverboat gaming operations is valid for a term of five years and legislation passed in the 1999 legislative session provides for renewals every five years thereafter. Louisiana gaming law provides that a renewal application for the period succeeding the initial five-year term of an operator's license must be made to the Louisiana Gaming Control Board and must include a statement under oath of any and all changes in information, including financial information, provided in the previous application. The transfer of a license or an interest in a license is prohibited. A gaming license is deemed to be a privilege under Louisiana law and, as such, may be denied, revoked, suspended, conditioned or limited at any time by the Louisiana Gaming Control Board. The Isle-Lake Charles received a five-year renewal of its license on July 20, 1999.

On April 9, 2004, the Isle-Lake Charles filed applications for a second five-year renewal of its two licenses. These five-year renewal applications were approved for Grand Palais Riverboat, Inc. on August 17, 2004 and St. Charles Gaming Company, Inc. was approved on March 29, 2005.

Certain persons affiliated with a riverboat gaming licensee, including directors and officers of the licensee, directors and officers of any holding company of the licensee involved in gaming operations, persons holding 5% or greater interests in the licensee and persons exercising influence over a licensee, are subject to the application and suitability requirements of Louisiana gaming law.

The sale, purchase, assignment, transfer, pledge or other hypothecation, lease, disposition or acquisition by any person of securities that represent 5% or more of the total outstanding shares issued by a licensee is subject to the approval of the Louisiana Gaming Control Board. A security issued by a licensee must generally disclose these restrictions. Prior approval from the Louisiana Gaming Control Board is required for the sale, purchase, assignment, transfer, pledge or other hypothecation, lease, disposition or acquisition of any ownership interest of 5% or more of any non-corporate licensee or for the transfer of any "economic

interest" of 5% or more of any licensee or affiliated gaming person. An "economic interest" is defined as any interest whereby a person receives or is entitled to receive, by agreement or otherwise, a profit, gain, thing of value, loan, credit, security interest, ownership interest or other benefit.

Fees payable to the state for conducting gaming activities on a riverboat include (1) $50,000 per riverboat for the first year of operation and $100,000 per year per riverboat thereafter, plus (2) 18.5% of net gaming proceeds. Legislation was passed during the 2001 legislative session that allowed those riverboats that had been required to conduct cruises, including the riverboats at the Isle-Lake Charles, to remain permanently dockside beginning April 1, 2001. The legislation also increased the gaming tax for operators from 18.5% to 21.5%. A statute also authorizes local governing authorities to levy boarding fees. We currently have development agreements in Lake Charles with certain local governing authorities in the jurisdictions in which we operate pursuant to which we make payments in lieu of boarding fees.

A licensee must notify and/or seek approval from the Louisiana Gaming Control Board in connection with any withdrawals of capital, loans, advances or distributions in excess of 5% of retained earnings for a corporate licensee, or of capital accounts for a partnership or limited liability company licensee, upon completion of any such transaction. The Louisiana Gaming Control Board may issue an emergency order for not more than ten days prohibiting payment of profits, income or accruals by, or investments in, a licensee. Unless excepted or waived by the Louisiana Gaming Control Board, riverboat gaming licensees and their affiliated gaming persons must notify the Louisiana Gaming Control Board 60 days prior to the receipt by any such persons of any loans or extensions of credit or modifications thereof. The Louisiana Gaming Control Board is required to investigate the reported loan, extension of credit or modification thereof and to determine whether an exemption exists on the requirement of prior written approval and, if such exemption is not applicable, to either approve or disapprove the transaction. If the Louisiana Gaming Control Board disapproves of a transaction, the transaction cannot be entered into by the licensee or affiliated gaming person. We are an affiliated gaming person of our subsidiaries that hold the licenses to conduct riverboat gaming at the Isle-Lake Charles.

The failure of a licensee to comply with the requirements set forth above may result in the suspension or revocation of that licensee's gaming license. Additionally, if the Louisiana Gaming Control Board finds that the individual owner or holder of a security of a corporate license or intermediary company or any person with an economic interest in a licensee is not qualified under Louisiana law, the Louisiana Gaming Control Board may require, under penalty of suspension or revocation of the license, that the person not:

- receive dividends or interest on securities of the corporation;
- exercise directly or indirectly a right conferred by securities of the corporation;
- receive remuneration or economic benefit from the licensee;
- exercise significant influence over activities of the licensee; or
- continue its ownership or economic interest in the licensee.

A licensee must periodically report the following information to the Louisiana Gaming Control Board, which is not confidential and is available for public inspection: (1) the licensee's net gaming proceeds from all authorized games, (2) the amount of net gaming proceeds tax paid and (3) all quarterly and annual financial statements presenting historical data, including annual financial statements that have been audited by an independent certified public auditor.

During the 1996 special session of the Louisiana legislature, legislation was enacted placing on the ballot for a statewide election a constitutional amendment limiting the expansion of gaming, which was subsequently passed by the voters. As a result, local option elections are required before new or additional forms of gaming can be brought into a parish.

Proposals to amend or supplement Louisiana's riverboat gaming statute are frequently introduced in the Louisiana State Legislature. There is no assurance that changes in Louisiana gaming law will not occur or that such changes will not have a material adverse effect on our business in Louisiana.

In July 2006, the subsidiary that held the Company's license to operate a riverboat in Bossier City transferred its license to an unrelated third party.

Mississippi

In June 1990, Mississippi enacted legislation legalizing dockside casino gaming for counties along the Mississippi River, which is the western border for most of the state, and the Gulf Coast, which is the southern border for most of the state. The legislation gave each of those counties the opportunity to hold a referendum on whether to allow dockside casino gaming within its boundaries.

In its 2005 regular session, the legislature amended Mississippi law to allow gaming to be conducted on vessels or cruise vessels placed upon permanent structures located on, in or above the Mississippi River, on, in or above navigable waters in eligible counties along the Mississippi River or on, in or above the waters lying south of the counties along the Mississippi Gulf Coast. Later, after Hurricane Katrina, the Mississippi legislature again amended the law to allow land-based gaming along the Gulf Coast in very limited circumstances. Mississippi law permits unlimited stakes gaming, on a 24-hour basis and does not restrict the percentage of space that may be utilized for gaming. There are no limitations on the number of gaming licenses that may be issued in Mississippi.

The ownership and operation of gaming facilities in Mississippi are subject to extensive state and local regulation intended to:

- prevent unsavory or unsuitable persons from having any direct or indirect involvement with gaming at any time or in any capacity;
- establish and maintain responsible accounting practices and procedures for gaming operations;
- maintain effective control over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and safeguarding of assets and revenues, providing reliable record keeping and making periodic reports;
- provide a source of state and local revenues through taxation and licensing fees;
- prevent cheating and fraudulent practices; and
- ensure that gaming licensees, to the extent practicable, employ Mississippi residents.

State gaming regulations are subject to amendment and interpretation by the Mississippi Gaming Commission. Changes in Mississippi laws or regulations may limit or otherwise materially affect the types of gaming that may be conducted in Mississippi and such changes, if enacted, could have an adverse effect on us and our Mississippi gaming operations.

We are registered as a publicly traded corporation under the Mississippi Gaming Control Act. Our gaming operations in Mississippi are subject to regulatory control by the Mississippi Gaming Commission, the State Tax Commission and various other local, city and county regulatory agencies (collectively referred to as the "Mississippi Gaming Authorities"). Our subsidiaries have obtained gaming licenses from the Mississippi Gaming Authorities. We must obtain a waiver from the Mississippi Gaming Commission before beginning certain proposed gaming operations outside of Mississippi, and we must notify the Mississippi Gaming Commission in writing within 30 days after commencing certain gaming operations outside the state. The licenses held by our Mississippi gaming operations have terms of three years and are not transferable. The Isle-Biloxi, the Isle-Natchez and the Isle-Lula hold licenses effective from May 23, 2006, through May 22, 2009. In addition, our wholly-owned subsidiary, IOC Manufacturing, Inc. holds a manufacturer and distributor's license, so that we may perform certain upgrades to our Mississippi player tracking system. This license has a term of three years, is effective from June 16, 2008 through June 15, 2011, and is not transferable. There is no assurance that new licenses can be obtained at the end of each

three-year period of a license. Moreover, the Mississippi Gaming Commission may, at any time, and for any cause it deems reasonable, revoke, suspend, condition, limit or restrict a license or approval to own shares of stock in our subsidiaries that operate in Mississippi.

Substantial fines for each violation of Mississippi's gaming laws or regulations may be levied against us, our subsidiaries and the persons involved. Disciplinary action against us or one of our subsidiary gaming licensees in any jurisdiction may lead to disciplinary action against us or any of our subsidiary licensees in Mississippi, including, but not limited to, the revocation or suspension of any such subsidiary gaming license.

We, along with each of our Mississippi gaming subsidiaries, must periodically submit detailed financial, operating and other reports to the Mississippi Gaming Commission and/or the State Tax Commission. Numerous transactions, including but not limited to substantially all loans, leases, sales of securities and similar financing transactions entered into by any of our Mississippi gaming subsidiaries must be reported to or approved by the Mississippi Gaming Commission. In addition, the Mississippi Gaming Commission may, at its discretion, require additional information about our operations.

Certain of our officers and employees and the officers, directors and certain key employees of our Mississippi gaming subsidiaries must be found suitable or be licensed by the Mississippi Gaming Commission. We believe that all required findings of suitability and key employee licenses related to all of our Mississippi properties have been applied for or obtained, although the Mississippi Gaming Commission at its discretion may require additional persons to file applications for findings of suitability or key employee licenses. In addition, any person having a material relationship or involvement with us may be required to be found suitable or licensed, in which case those persons must pay the costs and fees associated with such investigation. The Mississippi Gaming Commission may deny an application for a finding of suitability for any cause that it deems reasonable. Changes in certain licensed positions must be reported to the Mississippi Gaming Commission. In addition to its authority to deny an application for a finding of suitability, the Mississippi Gaming Commission has jurisdiction to disapprove a change in a licensed position. The Mississippi Gaming Commission has the power to require us and any of our Mississippi gaming subsidiaries to suspend or dismiss officers, directors and other key employees or to sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Employees associated with gaming must obtain work permits that are subject to immediate suspension under certain circumstances. The Mississippi Gaming Commission will refuse to issue a work permit to a person who has been convicted of a felony, committed certain misdemeanors or knowingly violated the Mississippi Gaming Control Act, and it may refuse to issue a work permit to a gaming employee for any other reasonable cause.

At any time, the Mississippi Gaming Commission has the power to investigate and require the finding of suitability of any record or beneficial stockholder of ours. The Mississippi Gaming Control Act requires any person who individually or in association with others acquires, directly or indirectly, beneficial ownership of more than 5% of our common stock to report the acquisition to the Mississippi Gaming Commission, and such person may be required to be found suitable. In addition, the Mississippi Gaming Control Act requires any person who, individually or in association with others, becomes, directly or indirectly, a beneficial owner of more than 10% of our common stock, as reported to the U.S. Securities and Exchange Commission, to apply for a finding of suitability by the Mississippi Gaming Commission and pay the costs and fees that the Mississippi Gaming Commission incurs in conducting the investigation.

The Mississippi Gaming Commission has generally exercised its discretion to require a finding of suitability of any beneficial owner of more than 5% of a registered publicly traded corporation's stock. However, the Mississippi Gaming Commission has adopted a regulation that may permit certain "institutional" investors to obtain waivers that allow them to beneficially own, directly or indirectly, up to 15% (19% in certain specific instances) of the voting securities of a registered publicly traded corporation without a finding of suitability. If a stockholder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of beneficial owners.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable. We believe that compliance by us with the licensing procedures and regulatory requirements of the Mississippi Gaming Commission will not affect the marketability of our securities. Any person found unsuitable who holds, directly or indirectly, any beneficial ownership of our securities beyond such time as the Mississippi Gaming Commission prescribes may be guilty of a misdemeanor. We are subject to disciplinary action if, after receiving notice that a person is unsuitable to be a stockholder or to have any other relationship with us or our subsidiaries operating casinos in Mississippi, we:

- pay the unsuitable person any dividend or other distribution upon its voting securities;
- recognize the exercise, directly or indirectly, of any voting rights conferred by its securities;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or
- fail to pursue all lawful efforts to require the unsuitable person to divest itself of the securities, including, if necessary, our immediate purchase of the securities for cash at a fair market value.

We may be required to disclose to the Mississippi Gaming Commission upon request the identities of the holders of any of our debt securities. In addition, under the Mississippi Gaming Control Act, the Mississippi Gaming Commission may, in its discretion, (1) require holders of our securities, including our notes, to file applications, (2) investigate such holders and (3) require such holders to be found suitable to own such securities. Although the Mississippi Gaming Commission generally does not require the individual holders of obligations such as the notes to be investigated and found suitable, the Mississippi Gaming Commission retains the discretion to do so for any reason, including but not limited to a default, or where the holder of the debt instrument exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability must pay all investigative fees and costs of the Mississippi Gaming Commission in connection with such an investigation.

The Mississippi regulations provide that a change in control of us may not occur without the prior approval of the Mississippi Gaming Commission. Mississippi law prohibits us from making a public offering of our securities without the approval of the Mississippi Gaming Commission if any part of the proceeds of the offering is to be used to finance the construction, acquisition or operation of gaming facilities in Mississippi, or to retire or extend obligations incurred for one or more such purposes. The Mississippi Gaming Commission has the authority to grant a continuous approval of securities offerings and has granted such approval to us, subject to renewal every three years.

Regulations of the Mississippi Gaming Commission prohibit certain repurchases of securities of publicly traded corporations registered with the Mississippi Gaming Commission, including holding companies such as ours, without prior approval of the Mississippi Gaming Commission. Transactions covered by these regulations are generally aimed at discouraging repurchases of securities at a premium over market price from certain holders of greater than 3% of the outstanding securities of the registered publicly traded corporation. The regulations of the Mississippi Gaming Commission also require prior approval for a "plan of recapitalization" as defined in such regulations.

We must maintain in the State of Mississippi current stock ledgers, which may be examined by the Mississippi Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Mississippi Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We must render maximum assistance in determining the identity of the beneficial owner.

Mississippi law requires that certificates representing shares of our common stock bear a legend to the general effect that the securities are subject to the Mississippi Gaming Control Act and regulations of the Mississippi Gaming Commission. The Mississippi Gaming Commission has the authority to grant a waiver

from the legend requirement, which we have obtained. The Mississippi Gaming Commission, through the power to regulate licenses, has the power to impose additional restrictions on the holders of our securities at any time.

The Mississippi Gaming Commission enacted a regulation in 1994 requiring that, as a condition to licensure, an applicant must provide a plan to develop infrastructure facilities amounting to 25% of the cost of the casino and a parking facility capable of accommodating 500 cars. In 1999, the Mississippi Gaming Commission approved amendments to this regulation that increased the infrastructure development requirement from 25% to 100% for new casinos (or upon acquisition of a closed casino), but grandfathered existing licensees and development plans approved prior to the effective date of the new regulation. "Infrastructure facilities" include any of the following:

- a 250-room or larger hotel of at least a two-star rating as defined by the current edition of the Mobil Travel Guide;
- theme parks;
- golf courses;
- marinas;
- entertainment facilities;
- tennis complexes; or
- any other facilities approved by the Mississippi Gaming Commission.

Parking facilities, roads, sewage and water systems or civic facilities are not considered "infrastructure facilities." The Mississippi Gaming Commission may reduce the number of rooms required in a hotel if it is satisfied that sufficient rooms are available to accommodate the anticipated number of visitors. In 2003 and in 2006, the Mississippi Gaming Commission again amended its regulation regarding development plan approval but left the 100% infrastructure requirement intact. In 2007, the Mississippi Gaming Commission further amended this regulation. Among other things, the 2007 amendment retained the 100% infrastructure requirement and added a requirement that the qualified infrastructure be owned or leased by certain specified persons.

License fees and taxes are payable to the State of Mississippi and to the counties and cities in which a Mississippi gaming subsidiary's respective operations will be conducted. The license fee payable to the state of Mississippi is based upon gross revenue of the licensee (generally defined as gaming receipts less payout to customers as winnings) and equals 4% of gross revenue of $50,000 or less per month, 6% of gross revenue in excess of $50,000 but less than $134,000 per calendar month, and 8% of gross revenue in excess of $134,000 per calendar month. The foregoing license fees are allowed as a credit against the licensee's Mississippi income tax liability for the year paid. Additionally, a licensee must pay a $5,000 annual license fee and an annual fee based upon the number of games it operates. The gross revenue tax imposed by the Mississippi communities and counties in which our casino operations are located equals 0.4% of gross revenue of $50,000 or less per calendar month, 0.6% of gross revenue over $50,000 and less than $134,000 per calendar month and 0.8% of gross revenue greater than $134,000 per calendar month. These fees have been imposed in, among other cities and counties, Biloxi and Coahoma County. Certain local and private laws of the state of Mississippi may impose fees or taxes on the Mississippi gaming subsidiaries in addition to the fees described above.

The Mississippi Gaming Commission requires, as a condition of licensure or license renewal, that casino vessels on the Mississippi Gulf Coast that are not self-propelled must be moored to withstand a Category 4 hurricane with 155 mile-per-hour winds and 15-foot tidal surge. However, after Hurricane Katrina, Isle - Biloxi reopened its casino on shore rather than on a vessel. A 1996 Mississippi Gaming Commission regulation prescribes the hurricane emergency procedure to be used by the Mississippi Gulf Coast casinos.

The sale of food or alcoholic beverages at our Mississippi gaming locations is subject to licensing, control and regulation by the applicable state and local authorities. The agencies involved have full power to limit, condition, suspend or revoke any such license, and any such disciplinary action could (and revocation would) have a material adverse effect upon the operations of the affected casino or casinos. Certain of our officers and managers and our Mississippi gaming subsidiaries must be investigated by the Alcoholic Beverage Control Division of the State Tax Commission in connection with liquor permits that have been issued. The Alcoholic Beverage Control Division of the State Tax Commission must approve all changes in licensed positions.

On three separate occasions since 1998, certain anti-gaming groups have proposed referenda that, if adopted, would have banned gaming in Mississippi and required that gaming entities cease operations within two years after the ban. All three referenda were declared invalid by Mississippi courts because each lacked a required government revenue impact statement.

Missouri

Conducting gambling activities and operating an excursion gambling boat in Missouri are subject to extensive regulation under Missouri's Riverboat Gambling Act and the rules and regulations promulgated thereunder. The Missouri Gaming Commission was created by the Missouri Riverboat Gambling Act and is charged with regulatory authority over riverboat gaming operations in Missouri, including the issuance of riverboat gaming licenses to owners, operators, suppliers and certain affiliates of riverboat gaming facilities. In June 2000, IOC-Kansas City, Inc., a subsidiary of ours, was issued a riverboat gaming license in connection with our Kansas City operation. In December 2001, IOC-Boonville, Inc., a subsidiary of ours, was issued a riverboat gaming license for our Boonville operation. Additionally, in June of 2007, IOC-Caruthersville, LLC f/k/a Aztar Missouri Riverboat Gaming Company, LLC was acquired by us and operates as a subsidiary of ours under a Missouri riverboat gaming license.

In order to obtain a license to operate a riverboat gaming facility, the proposed operating business entity must complete a Riverboat Gaming Application Form requesting a Class B License. In order to obtain a license to own and/or control a riverboat gaming facility as its ultimate holding company, the proposed parent company must complete a Riverboat Gaming Application Form requesting a Class A License. The Riverboat Gaming Application Form is comprised of comprehensive application forms, including corroborating attachments. Applicants who submit the Riverboat Gaming Application Form requesting either a Class A or Class B license undergo an extensive background investigation by the Missouri Gaming Commission. In addition, each key person associated with the applicant (including directors, officers, managers and owners of a significant direct or indirect interest in the Class A or Class B applicant) must complete a Key Person and Level I Application Form and undergo a substantial background investigation. Certain key business entities closely related to the applicant or "key person business entities" must undergo a similar application process and background check. An applicant for a Class A or Class B license will not receive a license if the applicant and its key persons, including key person business entities, have not established good repute and moral character and no licensee shall either employ or contract with any person who has pled guilty to, or been convicted of, a felony, to perform any duties directly connected with the licensee's privileges under a license granted by the Missouri Gaming Commission.

Each Class B license granted entitles a licensee to conduct gambling activities on an excursion gambling boat or to operate an excursion gambling boat and the equipment thereon from a specific location. Each Class A license granted entitles the licensee to develop and operate a Class B licensee or, if authorized, multiple Class B licensees. The duration of both the Class A and Class B license initially runs for two one-year terms; thereafter, two-year terms. In conjunction with the renewal of each license, the Missouri Gaming Commission requires an updated Riverboat Gaming Application Form and renewal fees. In conjunction with each renewal, the Commission may conduct an additional investigation of the licensee with specific emphasis on new information provided in the updated Riverboat Gaming Application Form. Each sixth year from the date of the original license a comprehensive investigation for the period since the last comprehensive investigation is conducted on the Class A, Class B, supplier and key person licensees in

the same manner as the initial investigation. The Commission also licenses the serving of alcoholic beverages on riverboats and related facilities.

In determining whether to grant a license, the Commission considers the following factors, among others: (i) the integrity of the applicants; (ii) the types and variety of games the applicant may offer; (iii) the quality of the physical facility, together with improvements and equipment, and how soon the project will be completed; (iv) the financial ability of the applicant to develop and operate the facility successfully; (v) the status of governmental actions required by the facility; (vi) management ability of the applicant; (vii) compliance with applicable statutes, rules, charters and ordinances; (viii) the economic, ecological and social impact of the facility as well as the cost of public improvements; (ix) the extent of public support or opposition; (x) the plan adopted by the home dock city or county; and (xi) effects on competition.

A licensee is subject to the imposition of penalties, suspension or revocation of its license for any act that is injurious to the public health, safety, morals, good order, and general welfare of the people of the State of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the State of Missouri, including without limitation: (i) failing to comply with or make provision for compliance with the legislation, the rules promulgated thereunder or any federal, state or local law or regulation; (ii) failing to comply with any rules, order or ruling of the Missouri Gaming Commission or its agents pertaining to gaming; (iii) receiving goods or services from a person or business entity who does not hold a supplier's license but who is required to hold such license by the legislation or the rules; (iv) being suspended or ruled ineligible or having a license revoked or suspended in any state or gaming jurisdiction; (v) associating with, either socially or in business affairs, or employing persons of notorious or unsavory reputation or who have extensive police records, or who have failed to cooperate with any officially constituted investigatory or administrative body and would adversely affect public confidence and trust in gaming; (vi) employing in any Missouri gaming operation any person known to have been found guilty of cheating or using any improper device in connection with any gambling game; (vii) use of fraud, deception, misrepresentation or bribery in securing any license or permit issued pursuant to the legislation; (viii) obtaining any fee, charge, or other compensation by fraud, deception or misrepresentation; and (ix) incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by the Missouri Riverboat Gambling Act.

Any transfer or issuance of ownership interest in a publicly held gaming licensee or its holding company that results in an entity owning, directly or indirectly, an aggregate ownership interest of 5% or more in the gaming licensee must be reported to the Missouri Gaming Commission within seven days. Further, any pledge or hypothecation of 5% or more of the ownership interest in a publicly held gaming licensee or its holding company must be reported to the Missouri Gaming Commission within seven days.

Every employee participating in a riverboat gaming operation must hold an occupational license. In addition, the Missouri Gaming Commission issues supplier's licenses, which authorize the supplier licensee to sell or lease gaming equipment and supplies to any licensee involved in the operation of gaming activities. Class A and Class B licensees may not be licensed as suppliers.

Riverboat gaming activities may only be conducted on, or within 1,000 feet of the main channel of, the Missouri River or Mississippi River. Although, all of the excursion gambling facilities in Missouri are permanently moored boats or impounded barges, a two hour simulated cruise is imposed in order to ensure the enforcement of loss limit restrictions. Missouri law imposes a maximum loss per person per cruise of $500. Minimum and maximum wagers on games are set by the licensee and wagering may be conducted only with a cashless wagering system, whereby money is converted to tokens, electronic cards or chips that can only be used for wagering. No person under the age of 21 is permitted to wager, and wagers may only be taken from a person present on a licensed excursion gambling boat.

The Missouri Riverboat Gambling Act imposes a 20% wagering tax on adjusted gross receipts (generally defined as gross receipts less winnings paid to wagerers) from gambling games. The tax imposed is to be paid by the licensee to the Commission on the day after the day when the wagers were made. Of the proceeds of that tax, 10% goes to the local government where the home dock is located, and the remainder goes to the State of Missouri.

The Missouri Riverboat Gambling Act also requires that licensees pay a $2.00 admission tax to the Missouri Gaming Commission for each person admitted to a gaming cruise. One dollar of the admission fee goes to the state and one dollar goes to the home dock city in which the licensee operates. The licensee is required to maintain public books and records clearly showing amounts received from admission fees, the total amount of gross receipts and the total amount of adjusted gross receipts. In addition, all local income, earnings, use, property and sales taxes are applicable to licensees. There have been from time to time pending before the Missouri General Assembly several proposed bills which individually or in combination would, if adopted, (1) remove the loss limit restriction, (2) adjust the amount of wagering tax imposed on adjusted gross receipts of licensees and/or (3) adjust the amount of admission tax paid by the licensee for each person admitted for a gaming cruise.

Iowa

In 1989, the State of Iowa legalized riverboat gaming on the Mississippi River and other waterways located in Iowa. The legislation authorized the granting of licenses to non-profit corporations that, in turn, are permitted to enter into operating agreements with qualified persons who also actually conduct riverboat gaming operations. Such operators must likewise be approved and licensed by the Iowa Racing and Gaming Commission (the "Iowa Gaming Commission").

The Isle-Bettendorf has the right to renew its operator's contract with the Scott County Regional Authority, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Bettendorf, Iowa, for succeeding three-year periods as long as Scott County voters approve gaming in the jurisdiction. Under the operator's contract, the Isle-Bettendorf pays the Scott County Regional Authority a fee equal to 4.1% of the adjusted gross receipts. Further, the Isle-Bettendorf pays a fee to the City of Bettendorf equal to 1.65% of adjusted gross receipts.

In June 1994, Upper Mississippi Gaming Corporation, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Marquette, Iowa, entered into an operator's agreement for the Isle-Marquette for a period of twenty-five years. Under the management agreement, the non-profit organization is to be paid a fee of $0.50 per passenger. Further, pursuant to a dock site agreement (which also has a term of twenty-five years), the Isle-Marquette is required to pay a fee to the City of Marquette in the amount of $1.00 per passenger, plus a fixed amount of $15,000 per month and 2.5% of gaming revenues (less state wagering taxes) in excess of $20.0 million but less than $40.0 million; 5% of gaming revenues (less state wagering taxes) in excess of $40.0 million but less than $60.0 million; and 7.5% of gaming revenues (less state wagering taxes) in excess of $60.0 million.

In October 2000, the Riverboat Development Authority, a non-profit corporation entered into an operator's agreement with the Isle-Davenport to conduct riverboat gaming in Davenport, Iowa. The operating agreement requires the Isle-Davenport to make weekly payments to the qualified sponsoring organization equal to 4.1% of each week's adjusted gross receipts (as defined in the enabling legislation) provided that the Isle-Davenport has agreed that the qualifying sponsoring organization will be paid at least the minimum amount of $2,000,000. This agreement will remain in effect through March 31, 2009, provided that as long as Isle-Davenport has substantially complied with the Agreement, gaming laws and regulations and its agreements with the City of Davenport, the parties will enter into good faith negotiations for a new operator's contract with reasonable equivalent economic terms to take effect April 1, 2009. In addition, the Isle-Davenport pays a docking fee, admission fee, gaming tax and a payment in lieu of taxes to the City of Davenport. Pursuant to a development agreement with the City, the Isle-Davenport has exclusive docking privileges in the City of Davenport until March 31, 2017 in consideration for this docking fee. The docking fee has both a fixed base and a per passenger increment. The fixed fee commenced April 1, 1994 at $111,759 and increases annually by 4%. The incremental component is a $0.10 charge for each passenger in excess of 1,117,579 passengers (which charge also increases by 4% per year). The City is also guaranteed an annual gaming tax of $558,789.50 per year (based on a minimum passenger floor count of 1,117,579 passengers at $0.50 per passenger). Finally, the Isle-Davenport is obligated to pay a payment in lieu of taxes to support the downtown development district. This annual lump sum payment is in the

amount of $123,516 plus $0.20 per passenger in excess of 1,117,579 passengers. This payment in lieu of taxes is further subject to a minimum $226,179 per year payment.

In November 2004, the Black Hawk County Gaming Association, a non-profit corporation organized for the purpose of facilitating riverboat gaming in Waterloo, Iowa entered into an operator's agreement with the Isle-Waterloo to conduct riverboat gaming in Waterloo, Iowa. The operating agreement requires that upon commencement of operations the Isle-Waterloo is to make weekly payments to the qualified sponsoring organization equal to 4.1% of each week's adjusted gross receipts and an additional fee of 1.65% of each week's adjusted gross receipts in lieu of any admission or docking fee which might otherwise be charged by the county or any city (as defined in Section 99F.1(1) of the Iowa Code). This agreement will remain in effect through March 31, 2015 and may be extended by the Isle-Waterloo so long as it holds a license to conduct gaming. In addition, the Isle-Waterloo has agreed to pay a development fee to the City. Pursuant to an admission fee administration and development agreement with the City and Black Hawk County Gaming Association the Isle-Waterloo shall pay a development fee equal to 1% of each week's adjusted gross receipts.

Iowa law permits gaming licensees to offer unlimited stakes gaming on games approved by the Iowa Gaming Commission on a 24-hour basis. Land-based casino gaming was authorized on July 1, 2007 and the Iowa Gaming Commission now permits licensees the option to operate on permanently moored vessels or approved gambling structures. The legal age for gaming is 21.

All Iowa licenses were approved for renewal at the March 6, 2008 Iowa Gaming Commission meeting. These licenses are not transferable and will need to be renewed in March 2009 and prior to the commencement of each subsequent annual renewal period.

The ownership and operation of gaming facilities in Iowa are subject to extensive state laws, regulations of the Iowa Gaming Commission and various county and municipal ordinances (collectively, the "Iowa Gaming Laws"), concerning the responsibility, financial stability and character of gaming operators and persons financially interested or involved in gaming operations. Iowa Gaming Laws seek to: (1) prevent unsavory or unsuitable persons from having direct or indirect involvement with gaming at any time or in any capacity; (2) establish and maintain responsible accounting practices and procedures; (3) maintain effective control over the financial practices of licensees (including the establishment of minimum procedures for internal fiscal affairs, the safeguarding of assets and revenues, the provision of reliable record keeping and the filing of periodic reports with the Iowa Gaming Commission); (4) prevent cheating and fraudulent practices; and (5) provide a source of state and local revenues through taxation and licensing fees. Changes in Iowa Gaming Laws could have a material adverse effect on the Iowa gaming operations.

Gaming licenses granted to individuals must be renewed every year, and licensing authorities have broad discretion with regard to such renewals. Licenses are not transferable. The Iowa gaming operations must submit detailed financial and operating reports to the Iowa Gaming Commission. Certain contracts of licensees in excess of $100,000 must be submitted to and approved by the Iowa Gaming Commission.

Certain officers, directors, managers and key employees of the Iowa gaming operations are required to be licensed by the Iowa Gaming Commission. Employees associated with gaming must obtain work permits that are subject to immediate suspension under specific circumstances. In addition, anyone having a material relationship or involvement with the Iowa gaming operations may be required to be found suitable or to be licensed, in which case those persons would be required to pay the costs and fees of the Iowa Gaming Commission in connection with the investigation. The Iowa Gaming Commission may deny an application for a license for any cause deemed reasonable. In addition to its authority to deny an application for license, the Iowa Gaming Commission has jurisdiction to disapprove a change in position by officers or key employees and the power to require the Iowa gaming operations to suspend or dismiss officers, directors or other key employees or sever relationships with other persons who refuse to file appropriate applications or whom the Iowa Gaming Commission finds unsuitable to act in such capacities.

The Iowa Gaming Commission may revoke a gaming license if the licensee:

- has been suspended from operating a gaming operation in another jurisdiction by a board or

commission of that jurisdiction;

- has failed to demonstrate financial responsibility sufficient to meet adequately the requirements of the gaming enterprise;
- is not the true owner of the enterprise;
- has failed to disclose ownership of other persons in the enterprise;
- is a corporation 10% of the stock of which is subject to a contract or option to purchase at any time during the period for which the license was issued, unless the contract or option was disclosed to the Iowa Gaming Commission and the Iowa Gaming Commission approved the sale or transfer during the period of the license;
- knowingly makes a false statement of a material fact to the Iowa Gaming Commission;
- fails to meet a monetary obligation in connection with an excursion gaming boat;
- pleads guilty to, or is convicted of a felony;
- loans to any person, money or other thing of value for the purpose of permitting that person to wager on any game of chance;
- is delinquent in the payment of property taxes or other taxes or fees or a payment of any other contractual obligation or debt due or owed to a city or county; or
- assigns, grants or turns over to another person the operation of a licensed excursion boat (this provision does not prohibit assignment of a management contract approved by the Iowa Gaming Commission) or permits another person to have a share of the money received for admission to the excursion boat.

If it were determined that the Iowa Gaming Laws were violated by a licensee, the gaming licenses held by a licensee could be limited, made conditional, suspended or revoked. In addition, the licensee and the persons involved could be subject to substantial fines for each separate violation of the Iowa Gaming Laws in the discretion of the Iowa Gaming Commission. Limitations, conditioning or suspension of any gaming license could (and revocation of any gaming license would) have a material adverse effect on operations.

The Iowa Gaming Commission may also require any individual who has a material relationship with the Iowa gaming operations to be investigated and licensed or found suitable. The Iowa Gaming Commission, prior to the acquisition, must approve any person who acquires 5% or more of a licensee's equity securities. The applicant stockholder is required to pay all costs of this investigation.

Gaming taxes approximating 22% of the adjusted gross receipts will be payable by each licensee on its operations to the State of Iowa. In addition, reimbursable assessments have been in an amount equal to 2.152% of each licensee's adjusted gross receipts for fiscal year 2004. These assessments will be offset by future state gaming taxes paid by each licensee with a credit for 20% of the assessments paid allowed each year beginning July 1, 2010 for five consecutive years. The state of Iowa is also reimbursed by the licensees for all costs associated with monitoring and enforcement by the Iowa Gaming Commission and the Iowa Department of Criminal Investigation.

Colorado

The State of Colorado created the Division of Gaming ("Colorado Division") within the Department of Revenue to license, implement, regulate and supervise the conduct of limited gaming under the Colorado Limited Gaming Act. The Director of the Colorado Division ("Colorado Director"), pursuant to regulations promulgated by, and subject to the review of, a five-member Colorado Limited Gaming Control Commission ("Colorado Commission"), has been granted broad power to ensure compliance with the Colorado gaming laws and regulations (collectively, the "Colorado Regulations"). The Colorado Director may inspect without notice, impound or remove any gaming device. The Colorado Director may examine and copy any licensee's records, may investigate the background and conduct of licensees and their employees, and may bring disciplinary actions against licensees and their employees. The Colorado Director may also conduct detailed background investigations of persons who loan money to, or otherwise provide financing to, a licensee.

The Colorado Commission is empowered to issue five types of gaming and gaming-related licenses, and has delegated authority to the Colorado Director to issue certain types of licenses and approve certain changes in ownership. The licenses are revocable and non-transferable. The failure or inability of the Isle of Capri Black Hawk, LLC ("Isle-Black Hawk") or CCSC/Blackhawk, Inc. ("Colorado Central Station-Black Hawk") (each, a "Colorado Casino" or collectively, the "Colorado Casinos"), or the failure or inability of others associated with any of the Colorado Casinos, including us, to maintain necessary gaming licenses or approvals would have a material adverse effect on our operations. All persons employed by any of the Colorado Casinos, and involved, directly or indirectly, in gaming operations in Colorado also are required to obtain a Colorado gaming license. All licenses must be renewed every two years (prior to August 6, 2008, certain licenses had to be renewed annually.)

As a general rule, under the Colorado Regulations, no person may have an "ownership interest" in more than three retail gaming licenses in Colorado. The Colorado Commission has ruled that a person does not have an ownership interest in a retail gaming licensee for purposes of the multiple license prohibition if:

- that person has less than a 5% ownership interest in an institutional investor that has an ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- a person has a 5% or more ownership interest in an institutional investor, but the institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- an institutional investor possesses voting securities in a fiduciary capacity for another person, and does not exercise voting control over 5% or more of the outstanding voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee;
- a registered broker or dealer retains possession of voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee for its customers and not for its own account, and exercises voting rights for less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- a registered broker or dealer acts as a market maker for the stock of a publicly traded licensee or of a publicly traded company affiliated with a licensee and exercises voting rights in less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee;
- an underwriter is holding securities of a publicly traded licensee or publicly traded company affiliated with a licensee as part of an underwriting for no more than 90 days after the beginning of such underwriting if it exercises voting rights of less than 5% of the outstanding voting securities

of a publicly traded licensee or publicly traded company affiliated with a licensee;

- a book entry transfer facility holds voting securities for third parties, if it exercises voting rights with respect to less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee; or

- a person's sole ownership interest is less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee.

Because we own the Colorado Casinos, our business opportunities, and those of persons with an "ownership interest" in us, or any of the Colorado Casinos, are limited to interests that comply with the Colorado Regulations and the Colorado Commission's rule.

In addition, pursuant to the Colorado Regulations, no manufacturer or distributor of slot machines or associated equipment may, without notification being provided to the Colorado Division within ten days, knowingly have an interest in any casino operator, allow any of its officers or any other person with a substantial interest in such business to have such an interest, employ any person if that person is employed by a casino operator, or allow any casino operator or person with a substantial interest therein to have an interest in a manufacturer's or distributor's business. A "substantial interest" means the lesser of (i) as large an interest in an entity as any other person or (ii) any financial or equity interest equal to or greater than 5%. The Colorado Commission has ruled that a person does not have a "substantial interest" if such person's sole ownership interest in such licensee is through the ownership of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded affiliated company of a licensee.

We are a "publicly traded corporation" under the Colorado Regulations.

Under the Colorado Regulations, any person or entity having any direct or indirect interest in a gaming licensee or an applicant for a gaming license, including, but not limited to, us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos and their security holders, may be required to supply the Colorado Commission with substantial information, including, but not limited to, background information, source of funding information, a sworn statement that such person or entity is not holding his or her interest for any other party, and fingerprints. Such information, investigation and licensing (or finding of suitability) as an "associated person" automatically will be required of all persons (other than certain institutional investors discussed below) which directly or indirectly beneficially own 10% or more of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting securities of us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. Those persons must report their interest within 10 days (including institutional investors) and file appropriate applications within 45 days after acquiring that interest (other than certain institutional investors discussed below). Persons (including institutional investors) who directly or indirectly beneficially own 5% or more (but less than 10%) of a direct or indirect beneficial ownership or interest in either of the two Colorado Casinos, through their beneficial ownership of any class of voting securities of us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, must report their interest to the Colorado Commission within 10 days after acquiring that interest and may be required to provide additional information and to be found suitable. (It is the current practice of the gaming regulators to require findings of suitability for persons beneficially owning 5% or more of a direct or indirect beneficial ownership or interest, other than certain institutional investors discussed below.) If certain institutional investors provide specified information to the Colorado Commission within 45 days after acquiring their interest (which, under the current practice of the gaming regulators is an interest of 5% or more, directly or indirectly) and are holding for investment purposes only, those investors,

in the Colorado Commission's discretion, may be permitted to own up to 14.99% of the Colorado Casinos through their beneficial ownership in any class of voting of securities of us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, before being required to be found suitable. All licensing and investigation fees will have to be paid by the person in question. The associated person investigation fee currently is $63 per hour.

The Colorado Regulations define a "voting security" to be a security the holder of which is entitled to vote generally for the election of a member or members of the board of directors or board of trustees of a corporation or a comparable person or persons of another form of business organization.

The Colorado Commission also has the right to request information from any person directly or indirectly interested in, or employed by, a licensee, and to investigate the moral character, honesty, integrity, prior activities, criminal record, reputation, habits and associations of: (1) all persons licensed pursuant to the Colorado Limited Gaming Act; (2) all officers, directors and stockholders of a licensed privately held corporation; (3) all officers, directors and stockholders holding either a 5% or greater interest or a controlling interest in a licensed publicly traded corporation; (4) all general partners and all limited partners of a licensed partnership; (5) all persons that have a relationship similar to that of an officer, director or stockholder of a corporation (such as members and managers of a limited liability company); (6) all persons supplying financing or loaning money to any licensee connected with the establishment or operation of limited gaming; (7) all persons having a contract, lease or ongoing financial or business arrangement with any licensee, where such contract, lease or arrangement relates to limited gaming operations, equipment devices or premises; and (8) all persons contracting with or supplying any goods and services to the gaming regulators.

Certain public officials and employees are prohibited from having any direct or indirect interest in a license or limited gaming.

In addition, under the Colorado Regulations, every person who is a party to a "gaming contract" (as defined below) or lease with an applicant for a license, or with a licensee, upon the request of the Colorado Commission or the Colorado Director, must promptly provide the Colorado Commission or Colorado Director all information that may be requested concerning financial history, financial holdings, real and personal property ownership, interests in other companies, criminal history, personal history and associations, character, reputation in the community and all other information that might be relevant to a determination of whether a person would be suitable to be licensed by the Colorado Commission. Failure to provide all information requested constitutes sufficient grounds for the Colorado Director or the Colorado Commission to require a licensee or applicant to terminate its "gaming contract" or lease with any person who failed to provide the information requested. In addition, the Colorado Director or the Colorado Commission may require changes in "gaming contracts" before an application is approved or participation in the contract is allowed. A "gaming contract" is defined as an agreement in which a person does business with or on the premises of a licensed entity.

The Colorado Commission and the Colorado Division have interpreted the Colorado Regulations to permit the Colorado Commission to investigate and find suitable persons or entities providing financing to or acquiring securities from us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos. As noted above, any person or entity required to file information, be licensed or found suitable would be required to pay the costs thereof and of any investigation. Although the Colorado Regulations do not require the prior approval for the execution of credit facilities or issuance of debt securities, the Colorado regulators reserve the right to approve, require changes to or require the termination of any financing, including if a person or entity is required to be found suitable and is not found suitable. In any event, lenders, note holders, and others providing financing will not be able to exercise certain rights and remedies without the prior approval of the Colorado gaming authorities. Information regarding lenders and holders of securities will be periodically reported to the Colorado gaming authorities.

Except under certain limited circumstances relating to slot machine manufacturers and distributors, every person supplying goods, equipment, devices or services to any licensee in return for payment of a percentage, or calculated upon a percentage, of limited gaming activity or income must obtain an operator license or be listed on the retailer's license where such gaming will take place.

An application for licensure or suitability may be denied for any cause deemed reasonable by the Colorado Commission or the Colorado Director, as appropriate. Specifically, the Colorado Commission and the Colorado Director must deny a license to any applicant who, among other things: (1) fails to prove by clear and convincing evidence that the applicant is qualified; (2) fails to provide information and documentation requested; (3) fails to reveal any fact material to qualification, or supplies information which is untrue or misleading as to a material fact pertaining to qualification; (4) has been convicted of, or has a director, officer, general partner, stockholder, limited partner or other person who has a financial or equity interest in the applicant who has been convicted of, specified crimes, including the service of a sentence upon conviction of a felony in a correctional facility, city or county jail, or community correctional facility or under the state board of parole or any probation department within ten years prior to the date of the application, gambling-related offenses, theft by deception or crimes involving fraud or misrepresentation; is under current prosecution for such crimes (during the pendency of which license determination may be deferred), is a career offender or a member or associate of a career offender cartel, or is a professional gambler; or (5) has refused to cooperate with any state or federal body investigating organized crime, official corruption or gaming offenses. If the Colorado Commission determines that a person or entity is unsuitable to directly or indirectly own interests in us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., or either of the two Colorado Casinos, one or more of the Colorado Casinos may be sanctioned, which may include the loss of our approvals and licenses.

The Colorado Commission does not need to approve in advance a public offering of securities but rather requires the filing of notice and additional documents prior to a public offering of (i) voting securities, and (ii) non-voting securities if any of the proceeds will be used to pay for the construction of gaming facilities in Colorado, to directly or indirectly acquire an interest in a gaming facility in Colorado, to finance the operation of a gaming facility in Colorado or to retire or extend obligations for any of the foregoing. The Colorado Commission may, in its discretion, require additional information and prior approval of such public offering.

In addition, the Colorado Regulations prohibit a licensee or affiliated company thereof, such as us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, from paying any unsuitable person any dividends or interest upon any voting securities or any payments or distributions of any kind (except as set forth below); or paying any unsuitable person any remuneration for services or recognizing the exercise of any voting rights by any unsuitable person. Further, under the Colorado Regulations, each of the Colorado Casinos and IOC Black Hawk Distribution Company, LLC may repurchase its voting securities from anyone found unsuitable at the lesser of the cash equivalent to the original investment in the applicable Colorado Casino or IOC Black Hawk Distribution Company, LLC or the current market price as of the date of the finding of unsuitability unless such voting securities are transferred to a suitable person (as determined by the Colorado Commission) within sixty (60) days after the finding of unsuitability. A licensee or affiliated company must pursue all lawful efforts to require an unsuitable person to relinquish all voting securities, including purchasing such voting securities. The staff of Colorado Division has taken the position that a licensee or affiliated company may not pay any unsuitable person any interest, dividends or other payments with respect to non-voting securities, other than with respect to pursuing all lawful efforts to require an unsuitable person to relinquish non-voting securities, including by purchasing or redeeming such securities. Further, the regulations require anyone with a material involvement with a licensee, including a director or officer of a holding company, such as us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or either of the two Colorado Casinos, to file for a finding of suitability if required by the Colorado Commission.

Because of their authority to deny an application for a license or suitability, the Colorado Commission and the Colorado Director effectively can disapprove a change in corporate position of a licensee and with respect to any entity which is required to be found suitable, or indirectly can cause us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., IOC Black Hawk Distribution Company, LLC or the applicable

Colorado Casino to suspend or dismiss managers, officers, directors and other key employees or sever relationships with other persons who refuse to file appropriate applications or who the authorities find unsuitable to act in such capacities.

Generally, a sale, lease, purchase, conveyance or acquisition of any interest in a licensee is prohibited without the Colorado Commission's prior approval. However, because we are a publicly traded corporation, persons may acquire an interest in us (even, under current staff interpretations, a controlling interest) without the Colorado Commission's prior approval, but such persons may be required to file notices with the Colorado Commission and applications for suitability (as discussed above) and the Colorado Commission may, after such acquisition, find such person unsuitable and require them to dispose of their interest. Under some circumstances, we may not sell any interest in our Colorado gaming businesses without the prior approval of the Colorado Commission.

Each Colorado Casino must meet specified architectural requirements, fire safety standards and standards for access for disabled persons. Each Colorado Casino also must not exceed specified gaming square footage limits as a total of each floor and the full building. Each Colorado Casino may operate only between 8:00 a.m. and 2:00 a.m., and may permit only individuals 21 or older to gamble in the casino. It may permit slot machines, blackjack and poker, with a maximum single bet of $5.00. No Colorado Casino may provide credit to its gaming patrons. Each Colorado Casino must comply with Colorado's Gambling Payment Intercept Act, which governs the collection of unpaid child support costs on certain cash winnings from limited gaming.

A licensee is required to provide information and file periodic reports with the Colorado Division, including identifying those who have a 5% or greater ownership, financial or equity interest in the licensee, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who loan money or other things of value to a licensee, or who have the right to share in revenues of limited gaming, or to whom any interest or share in profits of limited gaming has been pledged as security for a debt or performance of an act. A licensee, and any parent company or subsidiary of a licensee, who has applied to a foreign jurisdiction for licensure or permission to conduct gaming, or who possesses a license to conduct foreign gaming, is required to notify the Colorado Division. Any person licensed by the Colorado Commission and any associated person of a licensee must report criminal convictions and criminal charges to the Colorado Division.

The Colorado Commission has broad authority to sanction, fine, suspend and revoke a license for violations of the Colorado Regulations. Violations of many provisions of the Colorado Regulations also can result in criminal penalties.

The Colorado Constitution currently permits gaming only in a limited number of cities and certain commercial districts in such cities.

The Colorado Constitution permits a gaming tax of up to 40% on adjusted gross gaming proceeds, and authorizes the Colorado Commission to change the rate annually. The current gaming tax rate is 0.25% on adjusted gross gaming proceeds of up to and including $2.0 million, 2% over $2.0 million up to and including $4.0 million, 4% over $4.0 million up to and including $5.0 million, 11% over $5.0 million up to and including $10.0 million, 16% over $10.0 million up to and including $15.0 million and 20% on adjusted gross gaming proceeds in excess of $15.0 million. The City of Black Hawk has imposed an annual device fee of $750 per gaming device and may revise it from time to time. The City of Black Hawk also has imposed other fees, including a business improvement district fee and transportation fee, calculated based on the number of devices and may revise the same or impose additional such fees.

Colorado participates in multi-state lotteries.

The sale of alcoholic beverages is subject to licensing, control and regulation by the Colorado liquor agencies. All persons who directly or indirectly hold a 10% or more interest in, or 10% or more of the issued and outstanding capital stock of, any of the Colorado Casinos, through their ownership of us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., or either of the two Colorado Casinos, must file

applications and possibly be investigated by the Colorado liquor agencies. The Colorado liquor agencies also may investigate those persons who, directly or indirectly, loan money to or have any financial interest in liquor licensees. In addition, there are restrictions on stockholders, directors and officers of liquor licensees preventing such persons from being a stockholder, director, officer or otherwise interested in some persons lending money to liquor licensees and from making loans to other liquor licensees. All licenses are revocable and transferable only in accordance with all applicable laws. The Colorado liquor agencies have the full power to limit, condition, suspend or revoke any liquor license and any disciplinary action could (and revocation would) have a material adverse effect upon the operations of us, Casino America of Colorado, Inc., IC Holdings Colorado, Inc., or the applicable Colorado Casino. Each Colorado Casino holds a retail gaming tavern liquor license for its casino, hotel and restaurant operations.

Persons directly or indirectly interested in either of the two Colorado Casinos may be limited in certain other types of liquor licenses in which they may have an interest, and specifically cannot have an interest in a retail liquor license (but may have an interest in a hotel and restaurant liquor license and several other types of liquor licenses). No person can hold more than three retail gaming tavern liquor licenses. The remedies of certain lenders may be limited by applicable liquor laws and regulations.

Florida

In June 1995, the Florida Department of Business and Professional Regulation, acting through the Division of Pari-Mutuel Wagering (the "Florida Division"), issued its final order approving the transfer to the Company's wholly owned subsidiary, PPI, Inc. ("PPI"), the pari-mutuel wagering permits which authorize the acceptance of pari-mutuel wagers on harness horse and quarterhorse races conducted at the Pompano Park Racetrack ("Pompano Park") located in Pompano Beach, Florida. Harness horse racing at Pompano Park has been continuously conducted by PPI since the time it acquired the foregoing described harness horse permit through the present. In February 2007, The Florida Division issued a license to PPI to conduct 180 live evening harness racing performances at Pompano Park during the State of Florida's fiscal year beginning July 1, 2007 to June 30, 2008. PPI may also conduct quaterhorse racing operations, subject to Florida Division approval.

The Florida statutes and the applicable rules and regulations of the Florida Division set forth in the Florida Administrative Code (the "Florida Law") establish a regulatory framework for pari-mutuel wagering activities in the State of Florida, including licensing requirements, a taxing structure on pari-mutuel permitholders and requirements for payments to the horsemen, including owners and breeders. The Florida Law grants to the Florida Division full regulatory power over all permitholders and licensees, including the power to revoke or suspend any permit or license upon the willful violation by a permitholder or a licensee of the Florida Law. The Florida Division must approve any transfer of 10% or more of the stock or other evidence of ownership or equity in all pari-mutuel racing permitholders such as PPI. In addition to the power to suspend or revoke a permit or license on account of a willful violation of the Florida Law, the Florida Division is also granted the power to impose various civil penalties on the permitholder or licensee on account of other violations. Penalties may not exceed $1,000 for each count or separate offense.

Pursuant to the Florida Law, PPI is also authorized to conduct full-card pari-mutuel wagering on: (1) simulcast harness races from outside Florida throughout the racing season; and (2) night-time (after 6 p.m.) thoroughbred races conducted outside of the State of Florida if such races are simulcast into Florida by one of the Florida thoroughbred permitholders. PPI also has the right under the Florida Law to conduct full-card simulcasting of harness racing on days during which no live racing is held at Pompano Park. However, on non-race days, Pompano Park must offer to rebroadcast the foregoing simulcast signals to certain other pari-mutuel facilities located within 25 miles of Pompano Park. In addition, Pompano Park may transmit its live harness races into any dog racing or jai alai facility in Florida, including facilities in Miami-Dade and Broward Counties, for intertrack wagering. The Florida Law establishes the allocation of the pari-mutuel commission between Pompano Park and the other facilities receiving such signals.

The Florida Law authorizes pari-mutuel facilities such as Pompano Park to operate card rooms in those counties in which a majority vote of the County Commission has been obtained and a local ordinance has

been adopted. The County Commission in Broward County, where Pompano Park is located, has approved the operation of cardrooms in Broward County. Although the provisions of the Florida Law regarding cardroom operations have been amended frequently by the Florida Legislature, the amendments have generally resulted in the regulatory scheme becoming more liberal as opposed to being more restrictive. Under the most recent amendments which became effective on July 1, 2007, the beneficial changes included permitting daily operations for any 12 hour period without the requirement for live racing, raising the limit on the maximum bet amount from $2.00 to $5.00 with up to 3 raises allowed per round, providing less restrictive regulations for tournaments and allowing the operator to award prizes and create jackpots not tied to the amount bet.

In November 2004, the voters in the State of Florida amended the Florida State Constitution to allow the voters of Miami-Dade and Broward Counties to decide whether to approve slot machines in racetracks and jai alai frontons in their respective counties. Broward County voters approved that county's local referendum in March 2005. Legislation enacted by the Florida Legislature in 2006, and amended in 2007, became effective (the "Florida Slot Law") which implemented the constitutional amendment by authorizing Pompano Park and three other pari-mutuel facilities in Broward and Dade County to offer slot machine gaming to patrons at these facilities. Although there are pari-mutuel facilities in numerous other counties in the State of Florida, slot machine gaming is presently authorized only in Broward and Dade County. In April 2007, a new casino facility was opened at Pompano Park adjacent to the harness race facility.

Under the Florida Slot law, the following regulatory provisions are applicable to slot machine gaming at Pompano Park:

- The facility may be operated 365 days per year, 18 hours per weekday and 24 hours on weekends.
- The maximum number of machines is 2,000 Vegas-style (Class III) slot machines per facility.
- The annual license fee is $3,000,000.00.
- The tax payable to the State of Florida is 50% of net slot machine revenue.
- The machines will not accept coins or currency, but are ticket in/ticket out.
- The minimum age to play the machines is 21 years.
- ATMs are permitted in the facility but not on the gaming floor.
- The Florida Division is the regulatory agency charged with the duty to enforce the provisions of the Florida Law.

PPI also pays combined county and city taxes of approximately 3.5% on the first $250 million of net slot machine revenue and 5% on net slot machine revenue over $250 million.

There is currently litigation pending which could impact PPI's rights to conduct slot machine operations in Florida. The Florida District Court of Appeal First District affirmed its earlier decision to reverse a lower court decision granting summary judgment in favor of Floridians for a Level Playing Field (FLPF), of which we are a member. The Court ruled that a trial is necessary to determine whether FLPF failed to obtain the required number of signatures to place the constitutional amendment authorizing slot machines on the ballot approved by voters. The case has recently been sent for trial to the Leon County Circuit Court. We believe that at trial FLPF would prevail on the merits. However, if FLPF is ultimately unsuccessful in the litigation, the statewide vote amending the Florida constitution to permit slot machines at pari-mutuels would be invalidated and our right to operate slot machines at Pompano Park could be eliminated.

Bahamas

In 1969, the Government of The Bahamas enacted the Lotteries and Gaming Act. This legislation, together with its regulations, governs and regulates gaming. The Gaming Board is the body that regulates the operation of casinos. The gaming license is renewable annually. All casino workers must be approved by the Board and are issued certificates, which are also renewable on an annual basis. There is a basic annual gaming tax of $200,000 payable in six equal shares. In addition a winnings tax is also imposed and is based on the following scale:

Winnings of $10,000,000	25%
$10,000,001 - $16,000,000	20%
$16,000,001 - $20,000,000	10%
Amounts exceeding $20,000,001	5%

The Minister of Tourism has responsibility for gaming and acts in consultation with the Gaming Board. A license can be cancelled if a fraudulent or misleading representation has been supplied to the Board or if there is a breach of restrictions or conditions imposed by the Minister. There is however a right to be heard before cancellation is made final. Citizens, permanent residents and holders of work permits are prohibited from gambling. Those found doing so are guilty of an offense punishable by law. The operator may also be liable if it knowingly allows any such persons to gamble in its establishment.

Currently the Casino has an agreement to lease the premises housing its operations and a management agreement. The Casino holds a number of other licenses including one with the Port Authority of Grand Bahama; a business license and liquor and dining and dancing licenses.

On the 24th April,2007 the Isle entered into a Supplemental Heads of Agreement with the Government of the Bahamas and Hutchison Lucaya Ltd.,wherein certain concessions were granted to the Isle with respect to marketing subsidy and a reduction in gaming taxes. Such taxes were reduced to 7.5% of gross win per annum. The basic tax of $200,000 remains payable per annum.

United Kingdom

Gaming in the UK is subject to regulation under the Gambling Act (the "Act") which received the Royal assent on April 7, 2005 and which came into force in its entirety on September 1, 2007, replacing the Gaming Act 1968. Under the Act, a new Gambling Commission (the "Commission") has been created to oversee license applications and establish new regulations for gaming (including on-line gaming). It has taken over responsibilities from the Gaming Board and is working on the transition to meet this objective. The legislation will provide a significant change in regulation of the casino industry including:

- removing the requirement that gaming facilities operate as private members' clubs, including the statutorily prescribed 24-hour interval between membership and play; this has now occurred;
- extending the gaming products available;
- abolishing the demand test and permitted area rules;
- allowing casinos specific numbers of gaming machines with a broader range of stakes and prizes;
- allowing casinos to offer live entertainment and to advertise; and
- allowing new categories of regional, large and small casinos.

The Act is accompanied by a significant body of detailed regulation, codes of practice, and guidance, which together with the Act will form the regulatory and compliance backdrop to gaming in the UK. The Act limited the number of regional casinos to 1 and large and small to 8 each. The Government appointed a Casino Advisory Panel to make recommendations to the Government as to location of the 17 proposed new casinos; however the initial secondary legislation designed to implement the panel's recommendation did not pass. This has now been approved by Parliament in relation to 8 large and 8 small casinos. Currently there are no plans to proceed with a Regional Casino.

There are detailed transitional provisions in relation to existing operators, what they needed to do prior to September 1, 2007 in order to keep existing licenses current and/or convert to new licenses.

The Company is an existing operator and is currently engaged in taking the necessary steps to maintain/convert its existing permissions in relation to its UK operations, The Isle Casinos Ltd and Blue Chip Casinos Ltd.

The Commission is primarily responsible for regulating casinos in the UK and is authorized to enforce strict codes of responsibility and is responsible for granting operating and personal licenses to commercial gambling operators and personnel working in the industry. The Commission will share, with local licensing authorities, responsibility for granting gaming and betting permissions.

Authority to provide facilities for gambling will be subject to varying degrees of regulation, depending on:

- Type of gambling
- Means by which it is conducted
- People by whom and to whom it is offered

The Act removes from licensing justices all responsibility for granting gaming and betting permissions (except for certain 1968 Act transitional applications). Instead, the Commission and licensing authorities will between them assume responsibility for all those matters previously regulated by licensing justices.

The Act establishes a minimum size limit for new casinos and a casino's gaming machine entitlement will depend on its category, and power is provided for licensing authorities to pass resolutions not to license any new casino premises in their area.

The Act introduces a new regime for gaming machines. A new definition of gaming machine is provided, together with power to prescribe categories. The Act provides certain entitlements for commercial operators to use specified numbers and categories of machines in consequence of their licenses. It also establishes permit procedures for authorizing use of lower-stake gaming machines in specific locations.

The Act makes provision for the advertising of gambling, creating new offences relating to the advertising of unlawful gambling and providing reserve powers for the Secretary of State to make regulations controlling the content of gambling advertisements. A voluntary code is currently in force covering gambling advertisements.

The acquisition of a 10% equity stake, or the ability to exercise significant influence over the management of the operator where there is a lower stake, will trigger the Controller provisions under the Financial Services and Markets Act 2000. This will require notification and consent by the Commission or Regulator who will apply a number of tests to ensure that the relevant person is fit and proper, that the interests of the entity are not threatened and that compliance conditions are satisfied.

We operate casinos in Coventry, Dudley and Wolverhampton under the Gambling Act and are dealing with the formalities for continuation rights under the Act

Non-Gaming Regulation

We are subject to certain federal, state and local safety and health, employment and environmental laws, regulations and ordinances that apply to non-gaming businesses generally, such as the Clean Air Act, Clean Water Act, Occupational Safety and Health Act, Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. We have not made, and do not anticipate making, material expenditures with respect to such environmental laws and regulations. However, the coverage and attendant compliance costs associated with such laws, regulations and ordinances may result in future additional costs to our operations. For example, the Department of Transportation has promulgated regulations under the Oil Pollution Act of 1990 requiring owners and operators of certain vessels to establish through the Coast Guard evidence of financial responsibility for clean up of oil pollution. This requirement has been satisfied by proof of adequate insurance.

Our riverboats operated in Louisiana and Iowa must comply with U.S. Coast Guard requirements as to boat design, on-board facilities, equipment, personnel and safety and hold U.S. Coast Guard Certificates of Documentation and Inspection. The U.S. Coast Guard requirements also set limits on the operation of the riverboats and require licensing of certain personnel involved with the operation of the riverboats. Loss of a riverboat's Certificate of Documentation and Inspection could preclude its use as a riverboat casino. Each of our riverboats is inspected annually and, every five years, is subject to dry-docking for inspection of its hull, which could result in a temporary loss of service.

The barges are inspected by third parties and certified with respect to stability and single compartment flooding integrity. Our casino barges must also meet local fire safety standards. We would incur additional costs if any of our gaming facilities were not in compliance with one or more of these regulations.

Regulations adopted by the Financial Crimes Enforcement Network of the U.S. Treasury Department require us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the patron by name and social security number. U.S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds $5,000 if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed against us if we fail to comply with these regulations.

All of our shipboard employees, even those who have nothing to do with our operation as a vessel, such as dealers, waiters and security personnel, may be subject to the Jones Act which, among other things, exempts those employees from state limits on workers' compensation awards.